

APPRAISAL COVER SHEET

TYPE OF REPORT: Self-contained appraisal for market value

PARCEL NO.: #3-1440

OWNER NAME: State of Arizona

NAME & LOCATION  
OF PROPERTY: 80 Yonder Lane, Sedona, Coconino County,  
Arizona.

PROJECT: H34102R

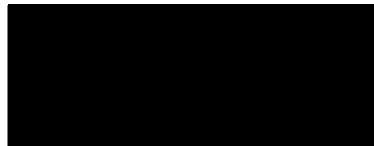
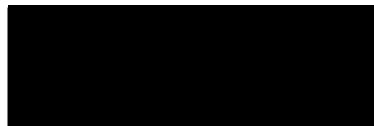
HIGHWAY: Rim Rock – Sedona

SECTION: Village of Oak Creek – Jct. 89A

DATE OF APPRAISAL REPORT: February 10, 2011

EFFECTIVE DATE OF VALUE: January 19, 2011

APPRAISERS:





February 10, 2011

RECEIVED

FEB 15 2011

OPERATIONS SECTION  
RIGHT OF WAY GROUP

SP  
Q:12AM

Mr. Steve Troxel  
Procurement Specialist  
Right of Way Operations Section, Room 331  
Arizona Department of Transportation  
205 South 17<sup>th</sup> Avenue, Mail Drop #612E  
Phoenix, Arizona 85007

REF: Self-contained appraisal of the ADOT Parcel 3-1440 owned by ADOT, located at 80 Yonder Lane in Sedona, Coconino County, Arizona.  
Appraiser's File No.: 10-200-R

Dear Mr. Troxel:

At your request, I have provided market value opinions for the subject property referenced above. The property is located at 80 Yonder Lane in Sedona, Coconino County, Arizona. The subject property is an average quality detached single family residence with 2,164 square feet of living area and an attached two-car garage. The residence is situated on a 19,602 square foot site located at the southwest corner of the traffic circle at Highway 179 and Back O'Beyond Road.

The market value of the property is impacted by some curable functional obsolescence and from some deferred maintenance. The residence is also impacted by traffic noise because the rear or east boundary abuts the highway. The subject does have good red rock views toward the east. The effective date of value is January 19, 2011, the date of the property inspection.

According to the "December 2010 Market Report" compiled by Sotheby's International Realty, the median sales price for single family homes in the Sedona/Village of Oak Creek market is \$375,000. This represents a drop of 36.4% from the 2006 median price of \$590,000 which was the peak of the market. On the positive side, the sales volume increased in 2009 followed by another increase in 2010. This indicates that the drop in prices has begun to attract more buyers back into this market. Mr. Brian Dante, broker with ReMax Sedona Realty said that home prices in the area have rolled back to 2003 levels, prior to the huge run-up in prices that occurred during the housing boom of 2004-06.

The purpose of this appraisal to provide my market value opinion for the subject property, as of January 19, 2011, pursuant to Arizona Revised Statute 28-7091:

"...Market Value' means the most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements which the property would bring if exposed for sale in the open market, with reasonable time allowed in which to find a purchaser, buying with knowledge of all of the uses and purposes to which it was adapted and for which it was capable."

The intended users of the appraisal are officials and agents of the Arizona Department of Transportation; the property owner(s), as well as their representatives and agents; and courts having jurisdiction concerning the proposed acquisition. No other use is intended, and any unintended use may be misleading.

This is a self-contained appraisal report and is intended to comply with the reporting requirements set forth in Standards rule 2-2(a) of the *Uniform Standards of Professional Appraisal Practice* (USPAP) promulgated by the Appraisal Standards Board of the Appraisal Foundation.. The Sales Comparison Approach is utilized to support my market value opinion.

This report or any portion thereof is for the exclusive use of the client and is not intended to be used, sold, transferred, given, or relied on by any other person other than the client without the prior, expressed written permission of the author, as set forth within the Contingent and Limiting Conditions contained in this report.

Based upon the data, analyses, opinion and conclusions contained in this report, my market value opinion, as of January 19, 2011, is as follows:

**"AS IS" MARKET VALUE OPINION ..... \$235,000**

***Extraordinary Assumptions:***

*This appraisal assumes there are no environmental or other conditions present on or around the appraised property that would adversely affect market value.*

We hereby certify that to the best of our knowledge and belief, all statements and opinions contained in this appraisal report are correct. This transmittal letter is not valid for any purpose unless accompanied by the appraisal referred to herein.

In order to guarantee the authenticity of this report, the designated appraiser has imprinted this letter of transmittal with an embossed seal. Any copy without same is not a certified copy and the appraiser assumes no responsibility or liability for such a report.

Respectfully submitted,

[Redacted Signature]

[Redacted Address]

[Redacted Address]

## **TABLE OF CONTENTS**

<i>CONTINGENT AND LIMITING CONDITIONS</i> .....	<i>1</i>
<i>EXTRAORDINARY ASSUMPTION/HYPOTHETICAL CONDITIONS</i> .....	<i>3</i>
<i>THE APPRAISAL PROCESS</i> .....	<i>4</i>
<i>PROPERTY IDENTIFICATION</i> .....	<i>5</i>
<i>PURPOSE OF THE APPRAISAL</i> .....	<i>7</i>
<i>DEFINITIONS</i> .....	<i>7</i>
<i>INTEREST TO BE APPRAISED</i> .....	<i>7</i>
<i>OWNERSHIP HISTORY AND FIVE-YEAR CHAIN OF TITLE</i> .....	<i>8</i>
<i>SIGNS</i> .....	<i>8</i>
<i>CONTACT REPORT</i> .....	<i>9</i>
<i>SCOPE OF WORK</i> .....	<i>10</i>
<i>NEIGHBORHOOD ANALYSIS</i> .....	<i>17</i>
<i>SITE ANALYSIS</i> .....	<i>22</i>
<i>ZONING</i> .....	<i>25</i>
<i>ASSESSED VALUATION &amp; REAL ESTATE TAXES</i> .....	<i>26</i>
<i>IMPROVEMENTS ANALYSIS</i> .....	<i>26</i>
<i>HIGHEST AND BEST USE</i> .....	<i>38</i>
<i>SALES COMPARISON APPROACH</i> .....	<i>41</i>
<i>EXPOSURE TIME</i> .....	<i>50</i>
<i>CERTIFICATION</i> .....	<i>53</i>
<i>CERTIFICATION</i> .....	<i>55</i>
<i>QUALIFICATIONS OF DAN R. RICHARDS</i> .....	<i>59</i>
<i>ADDENDA</i> .....	<i>61</i>

---

### ***CONTINGENT AND LIMITING CONDITIONS***

The certification of the Appraiser appearing in the report is subject to the following conditions, and to such other specific and limiting conditions as are set forth by the Appraiser in the report.

This report is being prepared for my client. This report or any portion thereof is for the exclusive use of the client and is not intended to be used, sold, transferred, given or relied on by any other person than the client without the prior, expressed written permission of the author, as set forth within the Limiting Conditions contained in this report.

The Appraiser assumes no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser render any opinion as to the title, which is assumed to be good and marketable. No Owner's Title Policy has been furnished to the Appraiser. The property is appraised as though under responsible ownership, competent management and adequate marketing typical for that type of property.

The Appraiser has made no survey of the property. Any sketch or map in the report may show approximate dimensions and is included for illustrative purposes only. It is the responsibility of a certified engineer, architect or registered surveyor to show by a site plan the exact location of the subject property or any improvements or any proposed improvements thereon, or the exact measurements or calculations of estimated area of the site. In the absence of such a survey, the Appraiser may have utilized Tax Assessor's maps or other maps provided by the client which may not represent the exact measurements of the subject property or other comparable information utilized to determine the value of the subject property. Any variation in dimensions or calculations based thereon may alter the opinions of value contained within the report.

In determining the opinion of value of the subject property and in analyzing comparable information, the Appraiser has relied upon information from public and private planning agencies as to the potential use of land or improved properties. This information may include, but is not limited to, Area Plans, Neighborhood Plans, Zoning Plans and Ordinances, Transportation Plans and the like. In the opinion of market value, the Appraiser may consider the extent to which a knowledgeable and informed purchaser or seller, as of the date of the appraisal, would reflect the reasonable probability of changes in such land uses becoming actualized in the future. To the extent that these plans may change, the value opinions of this report may also change.

In the absence of a professional Engineer's Feasibility Study, information regarding the existence of utilities is made only from a visual inspection of the site. The Appraiser assumes no responsibility for the actual availability of utilities, their capacity or any other problem which may result from a condition involving utilities. The respective companies, governmental agencies or entities should be contacted directly by concerned persons.

The Appraiser is not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless prior arrangements have been made and confirmed in writing.

---

Any allocation of the valuation in the appraisal report between land and improvements applies only under the existing program of utilization. The separate valuation for land and improvements must not be used in conjunction with any appraisal and are invalid if so used.

The Appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, potential flooding hazards, hydrology or structures which would render it more or less valuable. The Appraiser assumes no responsibility for such conditions or for engineering which might be required to discover such factors. To the extent that published data from public agencies is available on the above, the Appraiser has made an effort to consult this information.

Unless otherwise stated within this report, the existence of hazardous materials, which may or may not be present within or on the property, will not be considered by the appraiser. The Appraiser assumes, and the client warrants, that no such materials adversely affect the utility, usability or developability of the property to the best of their knowledge. The Appraiser is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, radon gas or other potentially hazardous materials may affect the opinion of value of the property. The value opinion has been predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility will be assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired. If at a later time hazardous materials or substances are discovered, the Appraiser reserves the right, for an additional agreed upon fee, to re-analyze and re-value said property, taking into account the discovery of such factor or factors and their effects on the value of the subject property.

Information, estimates and opinions furnished to the Appraiser and contained in the report were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished to the Appraiser can be attributed to the Appraiser.

Disclosures of the contents of the report by the Appraiser are governed by the Bylaws and Regulations of the professional appraisal organizations with which the Appraiser is affiliated.

On all reports which are undertaken subject to satisfactory completion of, alterations of or repairs to improvements, the report and value conclusions contained in it are contingent upon completion of the improvements or of the repairs thereto or alterations thereof in a workmanlike manner and consistent with the specifications presented to the Appraiser.

On all reports which are undertaken subject to satisfactory completion of, alterations of or repairs to improvements, the report and value conclusions contained in it are contingent upon completion of the improvements or of the repairs thereto or alterations thereof in a workmanlike manner and consistent with the specifications presented to the Appraiser.

The appraiser has not made a specific survey of the subject property to determine whether or not it has any plant or wildlife which is identified as an endangered or threatened species by the U.S. Fish and Wildlife Service. While not observed and while no information was provided to confirm or deny the existence of any endangered or threatened species on the

---

subject property (unless expressly stated herein), it is emphasized that the appraiser is not qualified to detect or analyze such plants and wildlife. Any such conclusions must be based upon the professional expertise of persons qualified to make such judgments. Thus, any person or other entity with an interest in the subject property is urged to retain an expert if so desired. It is possible that a survey of the property could reveal that the site contains endangered or threatened plants or wildlife. If so, this fact could have a negative effect on the value of the property. Since the appraiser has no direct evidence relating to this issue, possible endangered or threatened species were not considered in valuing the property.

The use of this report or its analysis and conclusions by the client or any other party constitutes acceptance of all the above limiting conditions.

***EXTRAORDINARY ASSUMPTION/HYPOTHETICAL CONDITIONS***

*This appraisal assumes there are no environmental or other conditions present on or around the appraised property that would adversely affect market value.*

---

### ***THE APPRAISAL PROCESS***

An appraisal is an opinion based upon research, judgment, and an analysis of factors influencing real estate value. These factors consider the four major forces at work in the economy: physical, legal/political, social and economic forces.

The sections comprising the first portion of the report include: Date, Function and Purpose of the Appraisal, Property Identification, Scope of the Appraisal, Neighborhood Data, Site Analysis, and Highest and Best Use. The highest and best use of the subject property is the basis upon which market value is determined.

The second portion of the report contains the approaches used to determine an opinion of market value of the fee simple interest in the subject property. The fee simple interest is the unencumbered interest in the property. The three traditional approaches to value are considered. However, since the subject property is as vacant, unimproved land, the only applicable approach to value is the Sales Comparison Approach.

In the Sales Comparison Approach, recent sales of similar properties, known as "comparables," are analyzed and adjusted to the subject property. This approach best represents the actions of buyers and sellers in the market for this type of property. The degree of similarity between the comparables and the subject property determines the reliability of this approach.

The Cost and Income Approaches are not applied in this report. The exclusion of these approaches is explained in the Scope of Work section of this report. The Sales Comparison Approach provides a reliable and credible opinion of value.



---

***PROPERTY IDENTIFICATION***

The part to be acquired and the temporary construction easement are portions of the subject property identified as Coconino County Assessor's Parcel Number 401-34-018F that is owned by the State of Arizona. The following legal description for the subject property is derived from the Assessor's records.

**ADOT PARCEL 3-1440**

PCL IN SEC 30 17N-6E DESC AS FLLWS:BEG W4 COR SEC 30;TH N 01-58 E 329.89' ALNG W LINE SEC 30;TH S 88-27 E 231'TO THE POB;TH CONT S 88-27 E 85.39'TO WLY R/W ST HWY 179;TH SLY ALNG CURVE 192.91';TH N 88-23 W 162.15';TH N 15-14 E 92.37';TH N 26-06 E 112.44'TO POB. EXCEPT:FLLWNG DESC PCL:POR LOT 8 SEC 30 17N-6E DESC AS FLLWS:BEG W4 COR SEC 30;TH ALNG W LINE SEC 30 N 01-14-00 E 232';TH CONTALNG W LINE N 01-14-00 E 97.89';TH S 89-12-34 E 231'TO POB;TH S 89-12- 34 E 84.44'TO WLY R/W ST HWY 179;TH ALNG WLY R/W ALNG CURVE CON- CAVE TO E 41.73';TH N 83-11-20 W 5.94';TH NWLY ALNG CURVE CONCAVE TO N 88.67';TH N 25-02-26 E 26.34'TO THE POB. COCONINO COUNTY, ARIZONA

[illegible]

---

## ***PURPOSE OF THE APPRAISAL***

<b><i>Purpose of the Appraisal:</i></b>	The purpose of the appraisal is to provide an "as is" market value opinion of the fee simple estate.
<b><i>Intended User of the Appraisal:</i></b>	The intended users of the appraisal are officials and agents of the Arizona Department of Transportation; the property owner(s), as well as their representatives and agents; and courts having jurisdiction concerning the proposed acquisition. No other use is intended, and any unintended use may be misleading.
<b><i>Intended Use of the Appraisal:</i></b>	The intended use of the appraisal is to provide a market value opinion for possible disposition of the property.
<b><i>Date of Value Opinion:</i></b>	The effective date of the value opinion is January 19, 2011, the date of the property inspection.
<b><i>Date of the Appraisal Report:</i></b>	The date of the appraisal report is February 10, 2011.

## ***DEFINITIONS***

### ***Definition of Market Value:***

Pursuant to Arizona Revised Statute 28-7091:

"...Market Value' means the most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements which the property would bring if exposed for sale in the open market, with reasonable time allowed in which to find a purchaser, buying with knowledge of all of the uses and purposes to which it was adapted and for which it was capable."

## ***INTEREST TO BE APPRAISED***

### **Fee Simple Estate:**

The interest to be appraised is that interest arising from fee simple estate ownership. *The Dictionary of Real Estate Appraisal*, 4<sup>th</sup> Edition, by The Appraisal Institute defines the fee simple estate as:

---

“Absolute ownership, unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

***OWNERSHIP HISTORY AND FIVE-YEAR CHAIN OF TITLE***

**ADOT Parcel 3-1440:**

According to the Coconino County Assessor's records, title to the subject property identified as ADOT parcel 3-1440 is vested in the State of Arizona. The property was acquired by the State on April 28, 2006, as recorded in a Warranty Deed, document number 3381422. The acquisition was part of an Arizona Department of Transportation highway improvement project that included road widening and construction of a traffic circle on Highway 179.

To our knowledge there have been no offers or sales in the five years prior to this appraisal. It is our understanding that this appraisal is intended to assist the client in establishing an asking price to sell the property.

***SIGNS***

There are no billboards or other signs located on the property.

July 1, 1992

\_\_\_\_\_

---

### ***SCOPE OF WORK***

The scope of work for an appraisal is the extent of the process of collecting, confirming, and reporting data, as well as the methods used in supporting the value opinion. Since the subject is an existing detached single family residence, the only applicable approach to value is the Sales Comparison Approach. In accordance with Uniform Standards of Professional Appraisal Practice (USPAP), effective January 1, 2010, the scope of work for the appraisal includes, but is not limited to, the following:

- Inspection and analysis of the subject property, market conditions, and other restrictions that affect value; and
- Research, analysis, inspection and confirmation of comparable market data; and
- Consideration of the three approaches to value which include the Cost, Sales Comparison and Income Approaches to support my market value opinion for the subject property; and
- Consideration for severance damages, if any, and special benefits if present.

Research for comparable sales included a thorough search of sale data from January 1, 2010 through the effective date of value. Data sources include the Yavapai and Coconino County Assessor's Records and RealQuest data, and interviews with local real estate brokers and market participants. The search criteria included sales of single family residences that are similar in size, location, quality and physical characteristics.

Our research revealed an adequate number of sales of residences in the subject's immediate submarket area of the Village of Oak Creek. Since the subject is adjacent to the highway, additional research was conducted for market data that supports the difference in value for properties that have highway influence. The data herein is considered to be the best available.

#### ***Scope of the Project:***

There is no ADOT project. This appraisal is intended to assist the client with establishing an asking price in order to sell the subject property.

#### ***Arizona State Transportation Board Resolution Data:***

Not applicable.

#### ***Right-of-Way Plan Drawing Number, Date of Approval and Last Revision Date:***

Not applicable.

#### ***Subject Areas as Shown on the Right of Way Plans:***

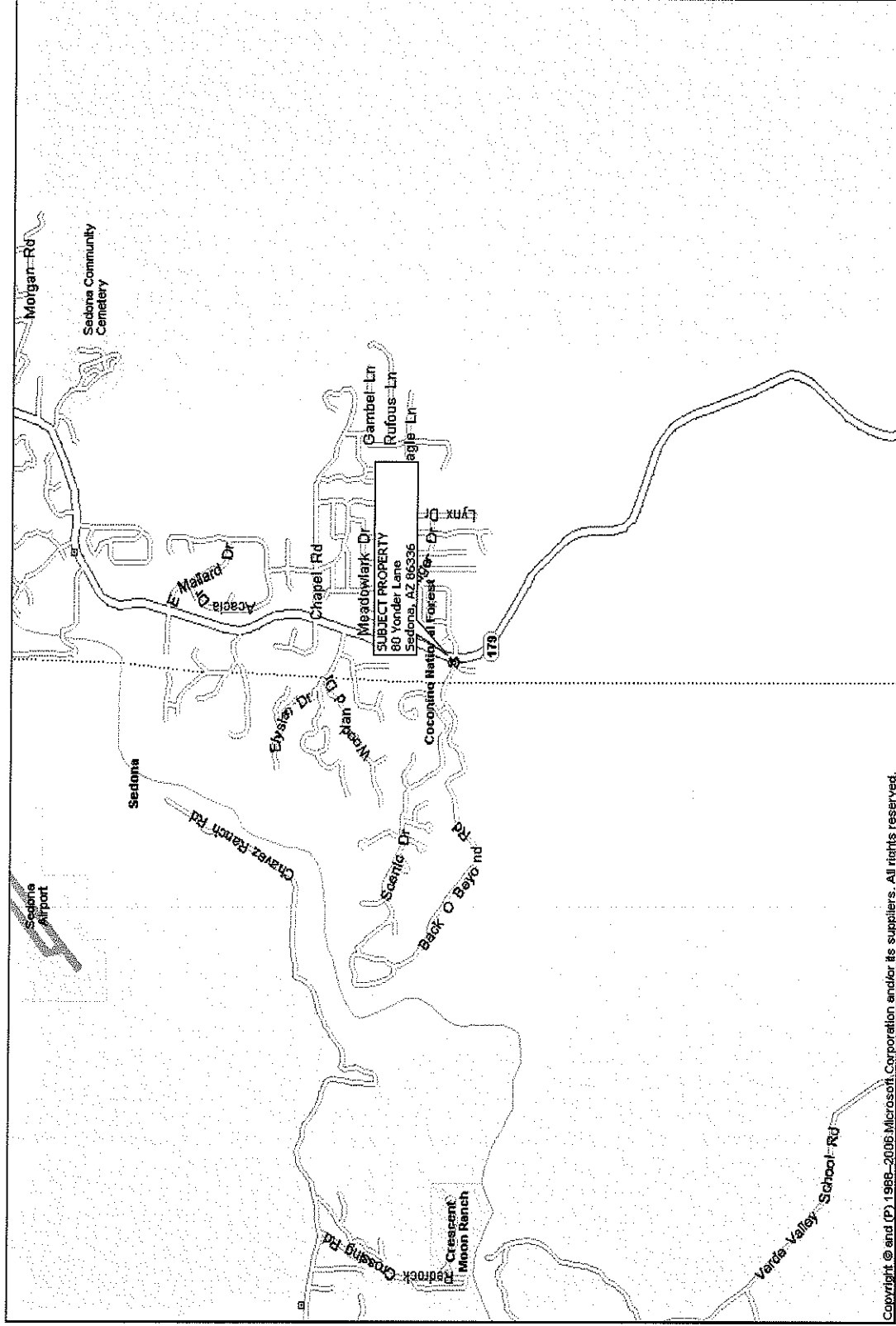
Not applicable.

---

***Limitation in Scope:***

This report is a self-contained narrative appraisal. There are no other limitations in the scope of the assignment, other than those discussed in the Contingent and Limiting Conditions and Extraordinary Assumptions.

# NEIGHBORHOOD MAP



Copyright © and (P) 1998-2006 Microsoft Corporation and/or its suppliers. All rights reserved.



---

## ***REGIONAL AND NEIGHBORHOOD ANALYSIS***

### **Geographic Location:**

The value of a property is not entirely intrinsic, that is, it is not determined solely by the physical characteristics of the site itself. The economic, governmental, environmental, and social forces in the immediate area must be analyzed, for these are often important determinants of value.

The subject property is located on the Coconino County side of Sedona, Arizona. The City of Sedona actually extends into both Yavapai and Coconino counties.

### **Yavapai County Data:**

Yavapai County is located in the northwest-central portion of the state and comprises 8,125 square miles. Prescott is the largest city and serves as the county seat. The county's mountainous territory and the riparian lands along the Verde River and Oak Creek offer an abundance of recreational opportunities. Activities include camping, fishing, hiking, hunting, hang gliding, equestrian, historic sites, pre-Columbian native sites and the world renown red rock country in Sedona. Land elevations range from about 1,000 feet along the floor of the Verde River Valley to the 7,723 foot peak at Mingus Mountain.

The U.S. Forest Service owns the largest portion of the land in the county, about 38%, which is encompassed in the Prescott, Tonto and Coconino National Forests. The State of Arizona owns 24.6%, followed by 25% in private ownership, and 11.6% owned by the Bureau of Land Management. The Yavapai Indian Reservation and public lands each cover less than 0.5% of the county.

### **Coconino County Data:**

Of the state's 15 counties, Coconino County is the largest in Arizona in terms of land area. However, it has the second lowest population density. Flagstaff is the largest city within the county with a population of 65,522, followed by Sedona with 10,192 people (combined population in Yavapai and Coconino counties) and Page with 7,447. About 69% of Sedona's population is located in Yavapai County.

### **Population:**

Population statistics for incorporated cities, Yavapai and Coconino counties and Arizona are presented in the following table:

Population Data Counties, Cities, & Arizona			
	2000	2009	% Annual Change
Yavapai County	167,517	228,494	3.51%
Prescott	33,938	43,573	2.82%
Prescott Valley	23,535	38,958	5.76%
Sedona	10,192	11,394	1.25%
Coconino County	116,320	136,735	1.81%
Flagstaff	52,894	65,522	2.41%
Page	6,809	7,447	1.00%
Arizona	5,130,632	6,683,129	2.98%

Source: Arizona Department of Economic Security

The preceding data demonstrates that most population growth has been occurring in Prescott Valley and the rural Yavapai County areas. Population growth has been slower in Prescott and Sedona compared to other communities due to the geographic constraints of the surrounding mountains and lands controlled by Sovereign Indian nations, and federal and state governments.

#### **Economy:**

Yavapai and Coconino counties offer an abundance of recreational opportunities and recreation/tourism is the primary industry. Other key industries include construction, manufacturing, ranching and copper mining. The latter, however, declined significantly in the 1990s due to downturns in copper prices. The spot price for copper began improving in early 2006 and peaked by early 2008 and there was some expectation that local mining operations would increase. The spot price has again been increasing in recent months which may relate to growth in the mining industry.

Going forward, growth in construction, professional and business services jobs is forecast to slow and the slump in the housing market is not expected to begin to show signs of improvement until mid-2008.

#### **County Labor Data:**

Labor force data for non-farm civilian workers in Yavapai and Coconino counties is presented in the following table:

EMPLOYMENT STATISTICS						
	2005	2006	2007	2008	2009	2010
<b>Yavapai County</b>						
<b>Labor Force</b>	90,200	94,900	97,767	98,390	99,216	99,493
<b>Unemployment Rate</b>	4.4%	3.6%	3.7%	5.6%	9.5%	9.9%
<b>Coconino County</b>						
<b>Labor Force</b>	67,297	68,980	70,566	73,592	75,486	76,976
<b>Unemployment Rate</b>	5.3%	4.8%	3.8%	5.3%	7.7%	8.4%

Source: Arizona Workforce Informer, Arizona Department of Economic Security

The data shows the increase in the unemployment rate due to the impact from the recession that is affecting the state and the nation. Recent forecasts from national and regional economists indicate that unemployment will increase again in 2010, albeit at a much slower rate.

### **City of Prescott**

The City of Prescott serves as the county seat and the regional commercial hub for Yavapai County. The city is located 96 miles northeast of Phoenix in the foothills of the Bradshaw Mountains at an elevation of 5,347 feet. This elevation provides a temperate climate which continues to attract new residents. The 2009 population of 43,573 represents a growth rate of 2.82% per year since 2000. The nearby Town of Prescott Valley has grown more rapidly, at an average annual rate of 5.76%. Prescott Valley is about 8 miles east of Prescott. This community has experienced significant population growth as a bedroom community since it has vacant land available for development. Prescott's potential for population growth is limited due to the geographic constraints of the surrounding mountains and the Yavapai Prescott Indian Reservation.

### ***Economic Factors/Employment:***

Prescott has a diverse economic base. Tourism, manufacturing, retail trades and services, education, seasonal residents and in-migrating retirees all contribute to the economic base. Prescott's economy is somewhat insulated from state and national influences which is attributed to major employers including the Yavapai Regional Medical Center, Embry-Riddle Aeronautical University, Sturm-Ruger & Company, Phelps-Dodge Bagdad Copper, city and county government agencies, and the Veteran's Administration Medical Center. Major area employers are listed below:

---

Major Employers - Prescott Area	
<u>Major Private Employers</u>	<u>Major Public Employers</u>
Embry-Riddle Aeronautical University	City of Prescott
Phelps Dodge Bagdad Copper	Prescott Unified School District
Sturm Ruger & Company	State of Arizona
Walmart	Veterans Admin. Medical Center
Yavapai Regional Medical Center	Yavapai County

According to the *Sourcebook of Zip Code Demographics 2008, 22<sup>nd</sup> Edition*, the median household income for Prescott is \$50,123 for the three zip code areas of 86301, 86303 and 86305. This is slightly below the statewide average of \$55,268. The average household size is 2.18 persons.

### **Tourism/Recreation:**

The recreational opportunities and scenic attractions in Yavapai County include the red rocks surrounding Sedona and Oak Creek to the north and the Prescott National Forest to the northeast. Mingus Mountain, with its 7,723 elevation, is known internationally as a location that attracts hang-gliding enthusiasts. The Verde Valley includes the Verde River riparian lands and waterfront day use areas, Riverfront Park, Dead Horse Ranch State Park, Tavaschi Marsh, Tuzigoot National Monument, and Montezuma Castle National Monument. The Verde Canyon Railroad provides scenic tours into the remote Sycamore Canyon Wilderness.

Recreational attractions in Coconino County include the Grand Canyon, only 79 miles north of Flagstaff. This is the primary attraction in this region with approximately 5 million visitors annually. Other popular attractions include Arizona Lowell Observatory, Snowbowl on San Francisco Mountain, Sunset Crater National Monument with its dormant volcanoes, native ruins at Wupatki and Walnut Canyon, Meteor Crater, Monument Valley and the red rock bluffs and canyons of Sedona. The area also offers abundant outdoor recreational opportunities in the surrounding national parks and forests including camping, fishing, boating, horseback riding, hiking, biking and downhill and cross country skiing.

Cultural attractions include the Museum of Northern Arizona which is internationally recognized for Native American studies. The City of Flagstaff hosts the annual Winterfest with dog sled races, competitive skiing and skating and related festivities. The Festival of Arts during the summer hosts a variety of concerts and special events.

---

**Transportation:**

State Highway 69 is the primary transportation route for the region and which connects to Interstate 17 about 36 miles east of Prescott. Highway 69 is a median divided, four lane, limited access highway. Prescott is also served by Highways 89 and 89A which provide north-south linkage with Wickenburg to the south and Chino Valley and Interstate 40 to the north. Greyhound provides state and national passenger bus service. Earnest A. Love Field provides general aviation service for the tri-city area of Prescott, Prescott Valley and Chino Valley. Great Lakes Aviation provides daily passenger service to Phoenix Sky Harbor International Airport as well as Lake Havasu City.

The Sedona airport has one runway 03/21 that is 5,131 feet in length. General aviation services are available including fuel and basic aircraft service and repair. Charter services are also available for flights and sightseeing.

**Conclusion:**

The impact of the economic downturn has not been as severe for Coconino County, primarily because of the relatively stable employment at Northern Arizona University in Flagstaff. Yavapai County has a much higher population base and does not have a major employer like the university. However, the region's geographical characteristics, historical sites and recreational opportunities will continue to attract new residents and visitors. The population growth rate is expected to return normal levels as economic conditions improve.

***NEIGHBORHOOD ANALYSIS***

The subject property is located in Sedona at the southwest corner of O'Beyond Road and State Route 179. Sedona is the third largest city in the county and is located about 119 miles north of Phoenix, and 47 miles northeast of Prescott, the county seat. The 2008 population is reported to be 11,394 and the average age is 50 years old. This indicates a high percentage of retiree residents. The growth rate has been slow, at 1.25% per year since the 2000 Census. The slow growth rate is attributed to the geographic constraints of the surrounding mountains, lands that are controlled by federal and state governments and high housing costs compared to other communities. The elevation generally is 4,500 feet, although surrounding red-rock formations extend to more than a mile-high elevation.

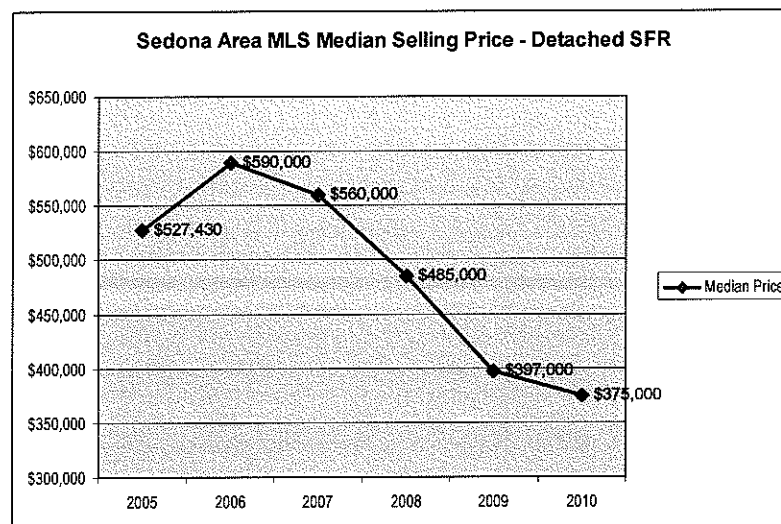
Sedona was founded in 1902 and incorporated in 1988. Historically, it was a rural ranching community. This 19-square-mile city is divided between Coconino and Yavapai counties, and only 51% of the area is privately owned. The remaining lands are part of the Coconino National Forest.

The city has evolved from a rural community into one of Arizona's premier tourism, recreation, resort, retirement and art centers. Sedona's hospitality industry offers world-class resorts to small, family-run motels, fine dining, numerous retail shops and varied art galleries. The scenic beauty and mild climate makes sightseeing, bird-watching, hiking, golfing, swimming, horseback riding, and jeep touring year-round activities.

The community's growth during the last decade has brought with it an increasing ratio of families with young children. However, Sedona's high housing cost and predominance of low-wage service industry jobs compel most of the local workforce to live in nearby Cottonwood and Clarkdale where the cost of living is much more affordable.

Commercial uses are concentrated along State Routes 89A and 179, near the "Y" intersection. Commercial uses and retail services are abundant and serve the needs of the residents. The majority of the residential development has occurred off of the main routes. Many of the projects are oriented to take advantage of the surrounding mountain views. Home prices generally range in the \$250,000 to well in excess of \$1 million.

The "December 2010 Market Report" for the Sedona/Village of Oak Creek area compiled by Sotheby's International Realty indicates significant declines in the sales volume and in the median price. The median price sales statistics for detached single family residences are shown in the chart below.



---

The median sales price for 2010 was reported to be \$375,000, a drop of 36.4% from the \$590,000 reported for the peak of the market in 2006. The sales volume was highest in 2005 with 555 closed sales. More declines followed through 2008 with only 208 reported sales. Interestingly, the sales volume began to increase in 2009 with 309 sales and again in 2010 with 367 sales. It appears that the drop in prices has begun to attract more buyers back into this market. Mr. Brian Dante, broker with ReMax Sedona Realty said that home prices in the area have rolled back to 2003 levels, prior to the huge run-up in prices that occurred during the housing boom of 2004-06.

***Economic Factors:***

According to the *Community Sourcebook of Zip Code Demographics, 2008 22<sup>nd</sup> Edition*, the median household income in Sedona is \$55,568. This is similar to the statewide median income of \$55,268.

Major private employers in Sedona include the Hilton Sedona Resort & Spa, L'Auberge de Sedona Resort, Enchantment Resort, and Los Abrigados Resort and Spa. The primary public employers include the City of Sedona, Sedona-Oak Creek School District, Arizona Public Service (APS), Cottonwood/Oak Creek School District, City of Cottonwood and Mingus Union High School. The city also offers a full range of retail stores, motels, restaurants, business and automotive services.

Approximately 72% of private sector employment in Sedona is in retail trade, and services which include lodging industry jobs. The next two largest industries in terms of employment in are finance, insurance, real estate and construction.

***Tourism:***

Sedona's scenic red rocks and mild climate continue to attract an estimated 2 to 4 million visitors year-round. Currently, there is no method to provide accurate numbers of actual visitors to the Sedona area. Partial data is obtained through lodging information, however, many are day-visitors and do not stay overnight in Sedona.

Economically, as well as socially, tourism provides numerous positive benefits to the Sedona community. For a town of its size, Sedona has a higher than normal amount of diverse businesses and services available to residents as well as visitors. Sales and bed taxes generated by visitor expenditures help contribute to city revenues. Visitor spending provides income for businesses and more job opportunities are available within the

---

community. Sedona has also been successful attracting wellness seekers due to the high number of resorts, retreats and personal enrichment programs.

***Transportation:***

Highways 89A and 179 serve as the primary commercial arterials and provide the only access for local and visitor traffic. Highway 89A through Oak Creek Canyon is the state's first designated scenic highway. Highway 179 provides direct access to Interstate 17 for the Village of Oak Creek and Sedona. It is primarily a two-lane highway, with four travel lanes plus a center turn lane in portions of the Village of Oak Creek.

The Arizona Department of Transportation (ADOT) is nearing completion of road improvements to the nine-mile stretch of SR 179 between the Village of Oak Creek and the junction of SR 89A (also known as the "Y" intersection). The road is also the only route connecting the business and residential communities of the greater Sedona area.

The highway improvement project is designed to enhance the transportation corridor with emphasis on safety, mobility and preservation of scenic, aesthetics, historic, environmental and other community values. One of the highlights of the ADOT improvements incorporates the use of roundabouts. A roundabout is a one-way circular intersection that incorporates a design to reduce traffic, accidents, delays and speed. There are no traffic signals or stop signs in roundabouts.

***Community Services:***

The Sedona-Oak Creek Unified School District is comprised of a high school (grades 9 through 12) located in Sedona and two elementary schools (grades K through 8), one in Sedona and the other in the Village of Oak Creek, six miles south of Sedona. Several private elementary and high schools are also located in the area.

Both Coconino and Yavapai Community Colleges offer classes, and Northern Arizona University is in Flagstaff, 30 miles north.

Sedona offers a wide range of physicians, surgeons and dentists, with many specialties represented. Sedona's outpatient facility contains both emergency and cancer centers, lab, x-ray, and a mammography unit. There is a 99-bed hospital in Flagstaff (30 miles north of Sedona). Six ambulances staffed by Advanced Life Cardiac Skilled Paramedics, an emergency search and rescue team, and a medical evacuation helicopter serve the area.



---

Utility services in the area are provided by APS, Citizens Arizona Gas, Sedona Arizona Water Company (Sedona), Big Park Water Company, and Oak Creek Water Company.

***Impact on Value:***

Sedona and outlying areas are experiencing the effects of the national and state-wide recession. However, home price decreases have been less severe than has occurred in the Phoenix and Tucson markets. The scenic beauty of the area will continue to attract new residents and those seeking resort-like living. The population growth is expected to remain consistent with historical trends, primarily due to the area's comparatively high housing cost. Sedona is expected continue to attract luxury and second-home buyers when the economy and market conditions begin to improve.

---

## ***SITE ANALYSIS***

### **Location:**

The address for the subject property is 80 Yonder Lane in Sedona, Coconino County, Arizona. Although the property has a Yonder Lane address, it is physically situated at the southwest corner of Highway 179 and Back O'Beyond Road.

### **Site Area:**

According to the Coconino County Assessor's records, the subject property is comprised of 19,602 square feet.

### **Topography/Shape:**

The subject is irregularly shaped and the site is elevated above the grade of the adjoining streets.

### **Access and Visibility:**

The property has access from Yonder Lane, a narrow gravel road that intersects with Back O'Beyond Road which is a two lane, paved collector street. Back O'Beyond Road intersects with the traffic circle on Highway 179 at the northeast corner of the subject property. According to the State Highway Traffic Log, the 2009 average daily count is 12,000 vehicles at this location. This is a decrease from the 13,500 reported for 2007.

### **View Amenity:**

The subject property has good views of the red rock mountain tops to the east and the north.

### **Utilities:**

All utilities are available to the property. The service providers are as follows:

Water:	Arizona Water Company
Sewer:	Private septic system
Electric:	Arizona Public Service
Telephone:	Qwest
Cable TV:	NPG Cable
Gas:	Unisource

### **Surrounding Uses:**

North:	Low to medium density single family residential neighborhood; Poco Diablo Resort farther north; original commercial district for Sedona is 2½ miles north.
East:	Highway 179 abuts the east boundary; church directly across the highway; established residential neighborhood and the landmark Chapel of the Holy Cross are farther east; red rock mountain vistas

---

beyond.

South: Vacant land of the Coconino National Forest is south of the subject.

West: Low density residential neighborhood comprised of good to excellent quality homes. Cathedral Rock and the Cathedral Saddle Trailhead are west of the subject.

**Flood Zone:**

According to FIRM Map Panel No. 04005C 7659G, dated September 3, 2010, the subject is located in Zone X, defined as: "Areas determined to be outside 500-year floodplain."

**Police & Fire Protection:**

Police and fire protection are provided by the City of Sedona.

**Soil & Subsoil Conditions:**

A soils engineering report was not provided to the appraisers and the soil and sub-soil conditions are not known. There is no visual evidence of adverse soil conditions on the site. The surrounding improved properties indicate that subsoil conditions support development of properties of this nature.

**Environmental Conditions:**

The property is impacted by traffic noise since the east boundary abuts the highway. Traffic volume at the time of the inspection was moderate. However, the traffic volume increases during the peak tourist season which begins in May and runs through the summer.

No sign of distressed vegetation, soil stains or extraordinary odors were observed during the inspection. No environmental reports were provided for review. Lacking environmental reports, this appraisal assumes no environmental conditions are present that would adversely affect the value of the appraised property. *Extraordinary Assumption: This appraisal assumes there are no environmental or archeological conditions that would adversely affect the value of the subject property.*

No septic tank reports were provided to the appraisers. *Lacking a septic tank report, this appraisal assumes the septic system is in working condition.*

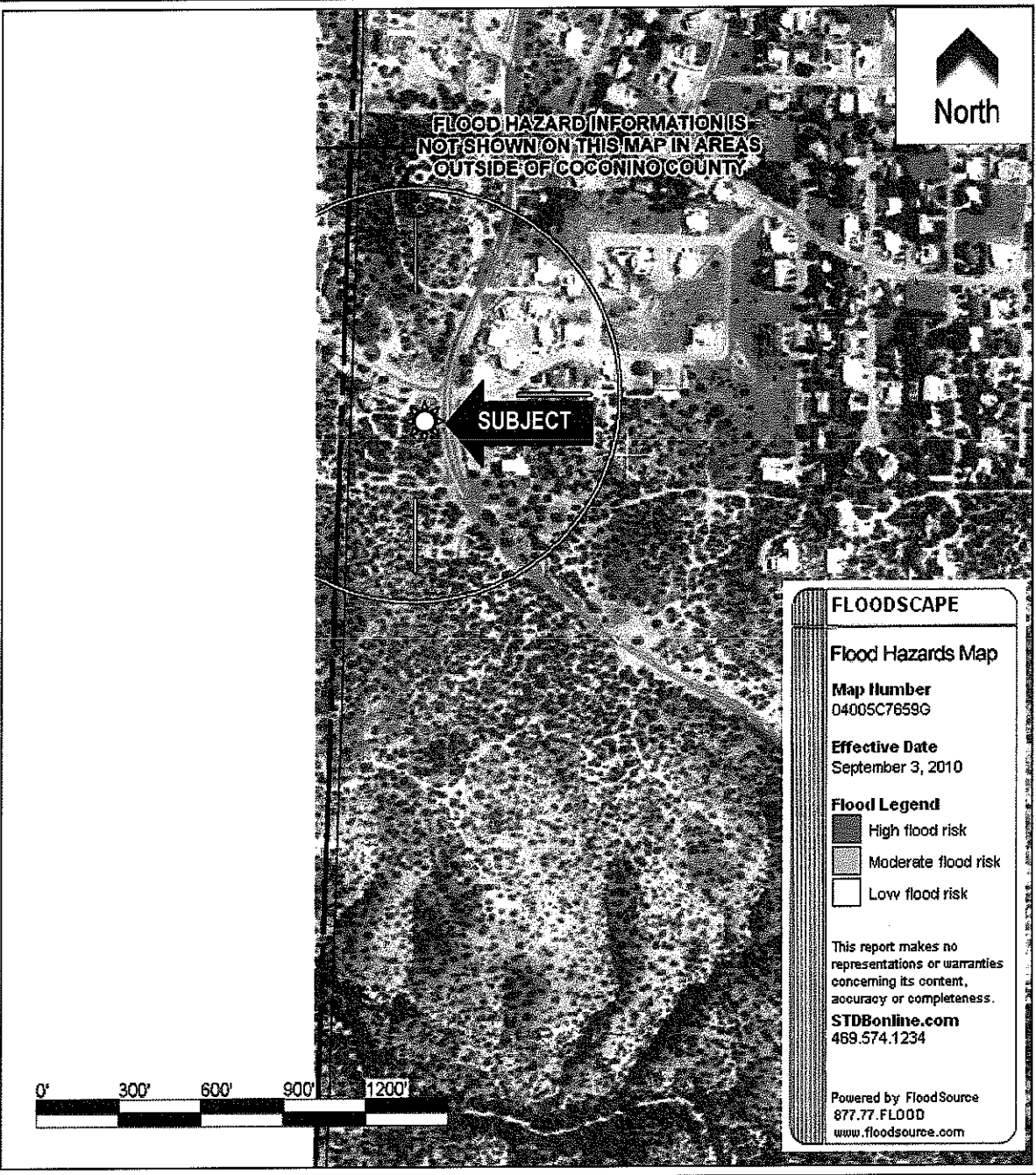
**Restrictions & Easements:**

No title report was provided for review. Lacking a title report this appraisal assumes the subject property is encumbered by typical public easements for highway, water line, gas line, electric transmission lines/poles, sidewalk easement, underground utility easement and other similar easement. These easements are typical and do not adversely affect the value of the property. No apparent adverse easements or encroachments were observed.

# FLOOD MAP



**PROPERTY ADDRESS:**  
80 Yonder Ln, Sedona, AZ 86336



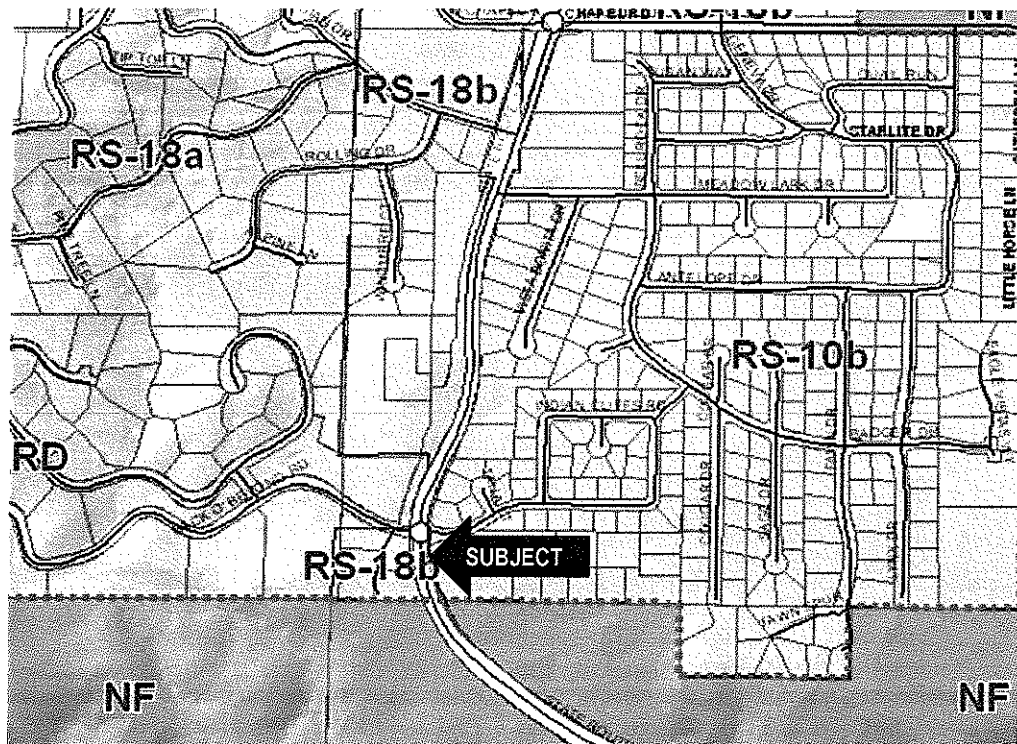
© 1999-2011 SourceProse Corporation. All rights reserved. Protected by U.S. Patent Numbers 6631326, 6678615, 6642698, and 7038681.

## ZONING

The subject is in the RS-18b, Single Family Residential District, for the City of Sedona. This zoning is intended to preserve low density single family residential development. Permitted use is one single family dwelling or factory-built house, not including a mobile or manufactured home. Rentals of single family dwellings for periods of less than 30 consecutive days is prohibited. Occupancy of temporary housing, including travel trailers, during the construction of a permanent dwelling is allowed during the 12-month period after issuance of a building permit. Detached guest house or accessory living quarters are allowed with restrictions. Conditional uses that are allowed include public utility and public service substations; parks and recreation; educational institutions; religious facilities; subdivision sales offices; and day care and nursery schools.

Development regulations include: minimum lot size of 18,000 square feet and maximum lot coverage is 35%. Minimum lot width is 100 feet and minimum depth is 100 feet. Yard setbacks are: 25 feet front; 10 feet interior side yard; 15 feet exterior side yard; and 25 feet rear yard. Other regulations include criteria for exterior building colors, landscaping, offstreet parking, signs, design standards and other conditions.

### ZONING MAP – CITY OF SEDONA



#### Impact on Value:

The subject property has a good views of the surrounding red rock mountains but its location adjacent to the highway is a negative factor for residential property.

---

### ***ASSESSED VALUATION & REAL ESTATE TAXES***

The assessed value and real estate tax data for the appraised property is derived from the Coconino County Assessor's records, as follows:

ASSESSED VALUE & TAX DATA			
ADOT Parcel	APN	Assessed Value	Tax Amount
3-1440	401-34-018F	\$350,317	Exempt

The subject property is exempt from real estate taxes because of its ownership by the State of Arizona.

### ***IMPROVEMENTS ANALYSIS***

The existing improvements include a detached single family residence with an attached 2-car garage and landscaping.

#### **GENERAL INFORMATION:**

<i>Gross Building Area:</i>	2,637 Square Feet
<i>Living Area:</i>	2,164 Square Feet
<i>Year Built / Age:</i>	2002 / 9 Years
<i>Site Coverage Ratio:</i>	13.5%, based on GBA and 19,602 S.F. site.

#### **EXTERIOR:**

<i>Foundation:</i>	Concrete slab with spread footings.
<i>Walls:</i>	Wood frame with painted T-111 plywood siding.
<i>Windows:</i>	Fixed dual-pane windows in anodized aluminum frames.
<i>Roof:</i>	Pitched roof with composition shingles.
<i>Doors:</i>	Entrance door is stained solid wood; rear door is dual pane glass slider in aluminum frame.
<i>Insulation:</i>	Unknown
<i>Quality:</i>	Average Class D wood frame construction according to <i>Marshall Valuation Service</i> .

---

**INTERIOR:**

- Floors:* 12" ceramic tile in entry, kitchen and major traffic areas. Living room and bedrooms have carpet. Bathrooms have 12" ceramic tile.
- Partition Walls:* *Walls:* Demising walls are taped, textured and painted drywall with rounded corners. Bathroom wainscot is ceramic tile.
- Ceilings/Lighting:* 8' ceiling height with finished drywall. Living room and den have pre-wired outlets for ceiling fans. Recessed can lights in the kitchen and master bedroom. Wall sconces in the hallways.
- Doors:* Interior doors are painted hollow 6-panel masonite. Bedrooms 2 and 3 have mirrored closet doors.
- Room Count:* Entry, living room, dining area, kitchen, den, two full bathrooms and three bedrooms. Master bedroom has a large walk-in closet.
- Kitchen:* Oak cabinets with formica counter tops; GE dishwasher; Frigidare gas range/oven with builtin microwave; garbage disposal; Frigidare refrigerator; and mini prep island with granite counter top.

**MECHANICAL:**

- Electrical:* Standard domestic electric service.
- Heating & Cooling:* Ground-mounted air conditioning; whole house fan and forced-air gas-fired furnace in the garage.
- Plumbing:* Standard plumbing fixtures. 54 gallon water heater in the garage.

**PARKING:**

Attached 2-car garage with metal roll-up door and automatic opener. Metal service exit door to the outside. Garage has finished drywall interior, cabinets and metal door entry into the house.

**SITE IMPROVEMENTS:**

Driveway is a combination of concrete slab and paver bricks. Covered front porch; small open

---

rear patio with paver bricks and partially finished stone fence; and landscaping with mature plants and trees.

**EFFECTIVE AGE:**

The actual age is 9 years and the effective age is estimated to be 9 years based on the observed condition. It is our understanding that the home has been vacant since it was acquired in 2006.

**LIFE EXPECTANCY:**

According to the Life Expectancy tables in *Marshall Valuation Service, (MVS)*, average quality Class D residence has a 55-year life expectancy. Based on the Remaining Life tables in *MVS*, the remaining economic life is estimated to be about 46 years.

**FUNCTIONAL UTILITY:**

The room layout is functional. However, the interior build-out has some functional obsolescence. The sink in the second bedroom is too close to the door which is at an angle so that when the door is open there is not enough space to use the sink. A person of girth would have great difficulty using the sink.

The vanity in the master bedroom has only one sink. Also, the toilet in the master bathroom is set back in an alcove that is about 6 feet deep.

The cabinetry throughout the house appears to be standard off-the-floor items from the local home improvement store.

The laundry area is located between the exit door to the garage and the master bedroom and is exposed to the living room, kitchen and dining area.

**CONDITION:**

The overall condition of the interior improvements is rated as average. The condition of the exterior is rated as fair. See Deferred Maintenance comments below.

**DEFERRED MAINTENANCE:**

Deferred maintenance items include:

- Portion of the exterior siding at the rear of the home has warped away from the framing.
- Exterior paint is deteriorated.
- Two broken floor tiles and crack in



---

hallway.

- Kitchen counter backsplash has separated from the wall.

**Estimated Cost to Cure Deferred Maintenance:**

Replace siding:	\$500
Exterior Paint:	\$3,500
Repair crack & broken tiles:	\$500
Replace kitchen counter/backsplash:	<u>\$1,500</u>
Total:	\$6,000

## SKETCH/AREA TABLE ADDENDUM

SUBJECT	Property Address	State	Zip
	Borrower		
	Lender/Client		
	Appraiser Name		

IMPROVEMENTS SKETCH

63.5'

42'

22'

20'

32'

7.5'

13'

24'

7.5'

4'

Scale: 1" = 15'

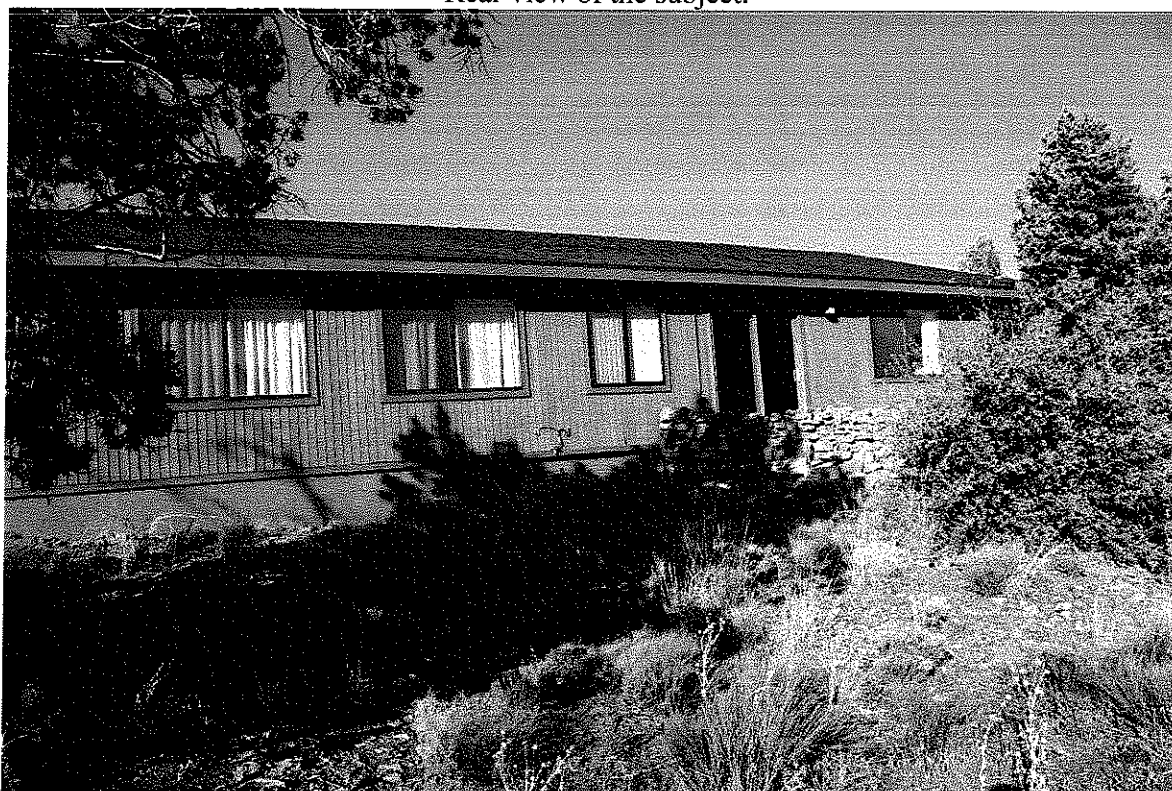
  

AREA CALCULATIONS SUMMARY				LIVING AREA BREAKDOWN			
Code	Description	Net Size	Net Totals	Breakdown		Subtotals	
GLA1	First Floor	2164.50	2284.50	First Floor			
	Porch	120.00		63.50 x 22.00	1397.00		
				17.00 x 39.50	671.50		
GAR	Garage	480.00	480.00	3.00 x 32.00	96.00		
				Porch			
				7.50 x 3.00	22.50		
				13.00 x 7.50	97.50		
Net LIVABLE Area		(rounded)	2285	5 Items		(rounded)	2285

Front view of the subject facing east from Yonder Lane.



Rear view of the subject.



View of the kitchen and dining area. Note the small prep island.



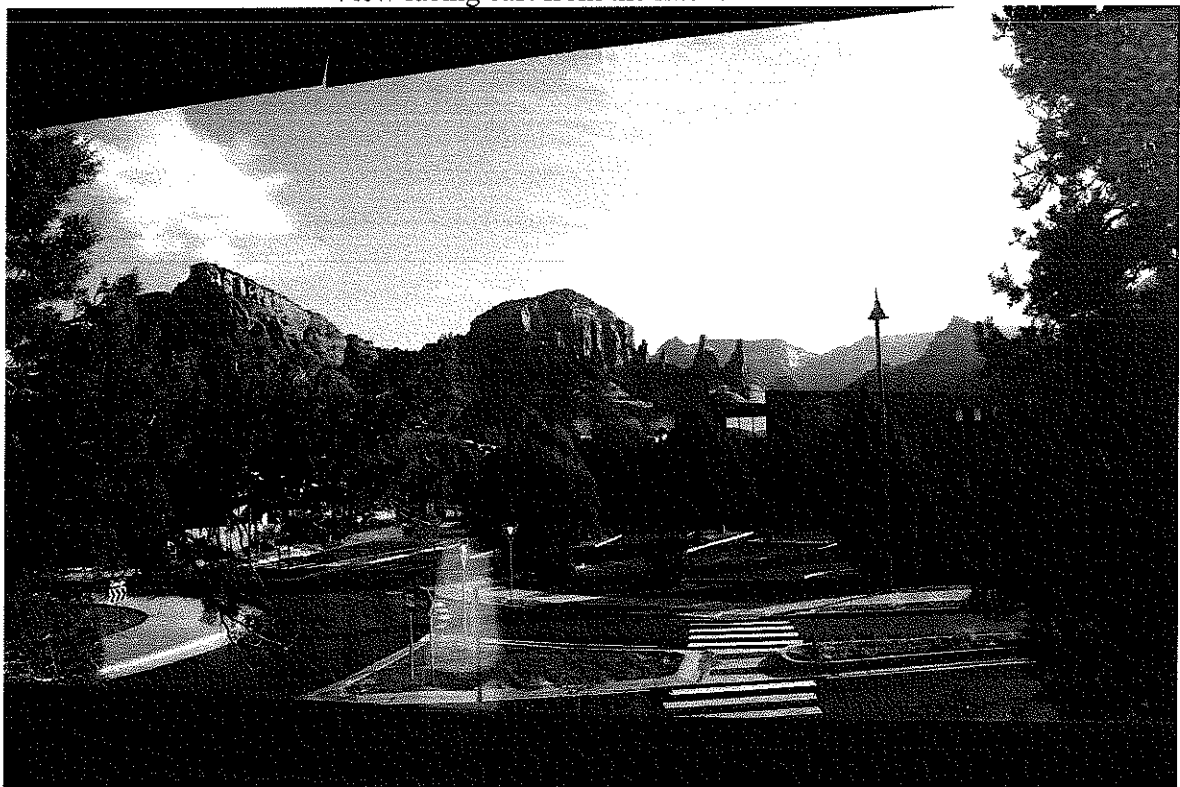
Living room and entry door.



View from the living room facing east. Note the highway immediately behind the patio.



View facing east from the kitchen window.

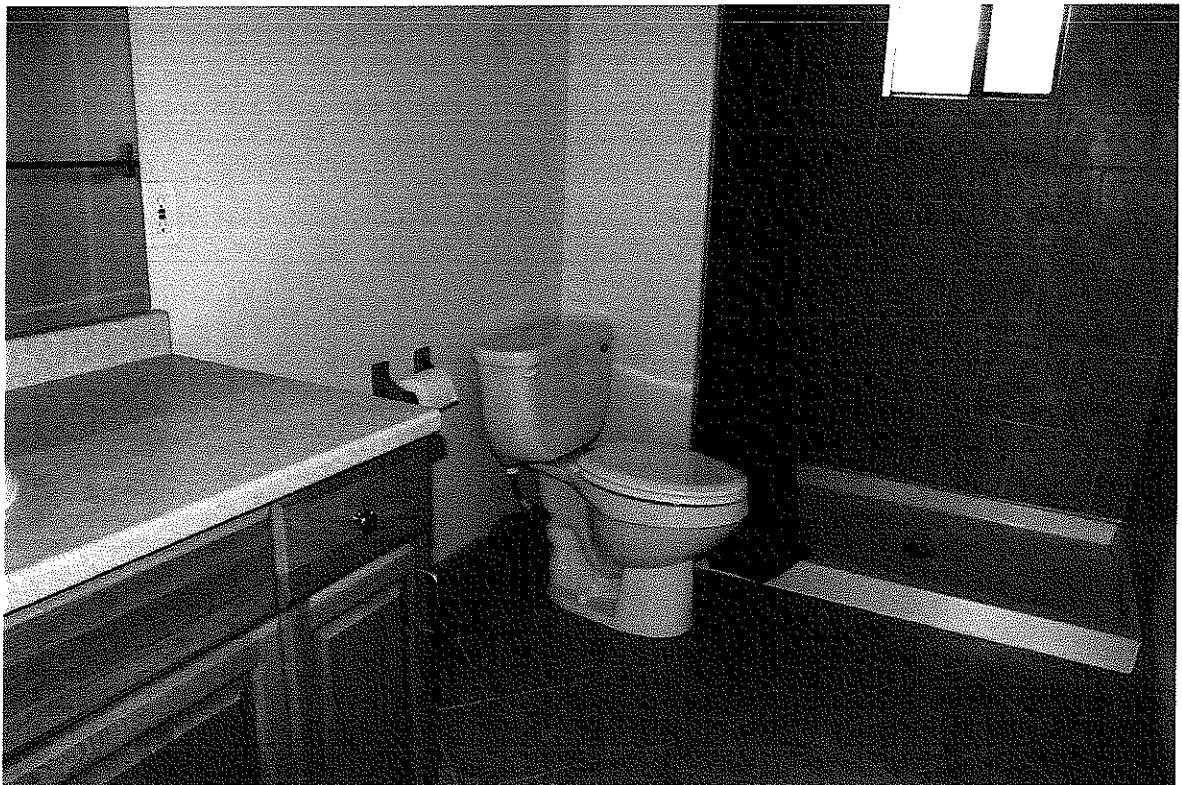




Master bathroom



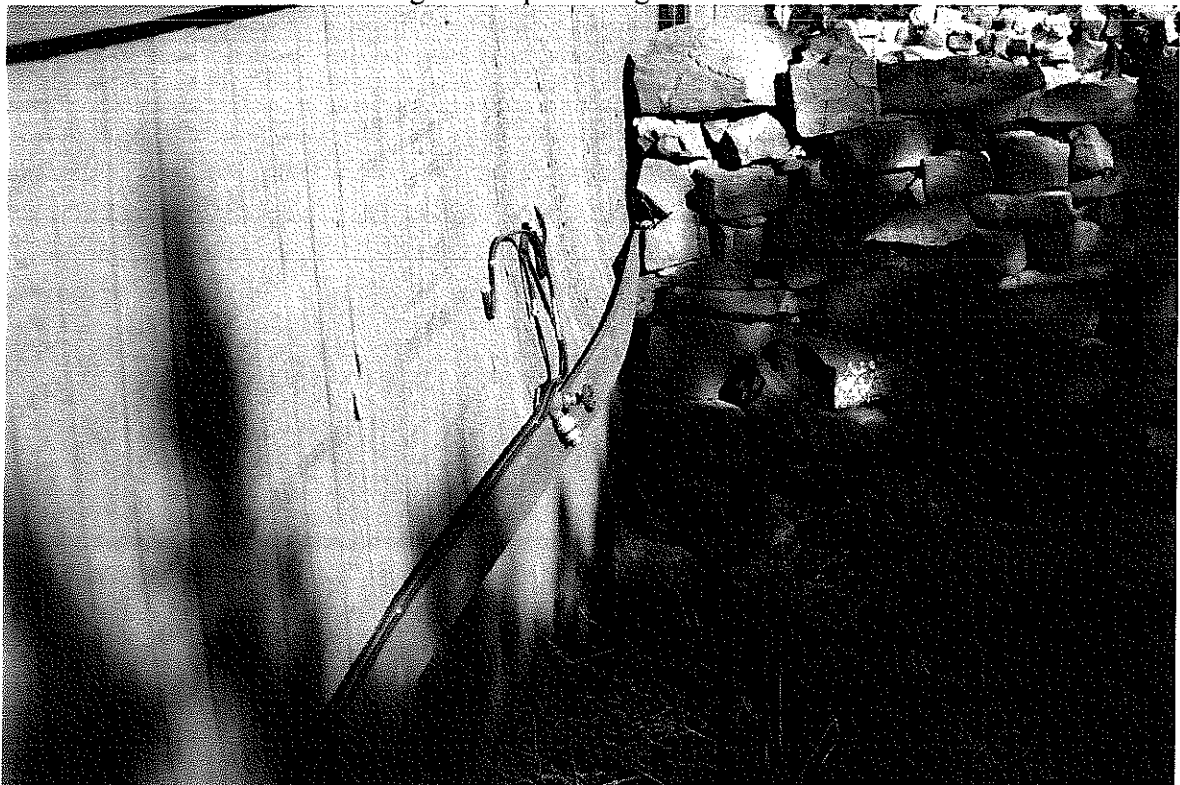
Second bathroom



Broken tiles in the entrance hall from a settlement crack that extends into the garage.



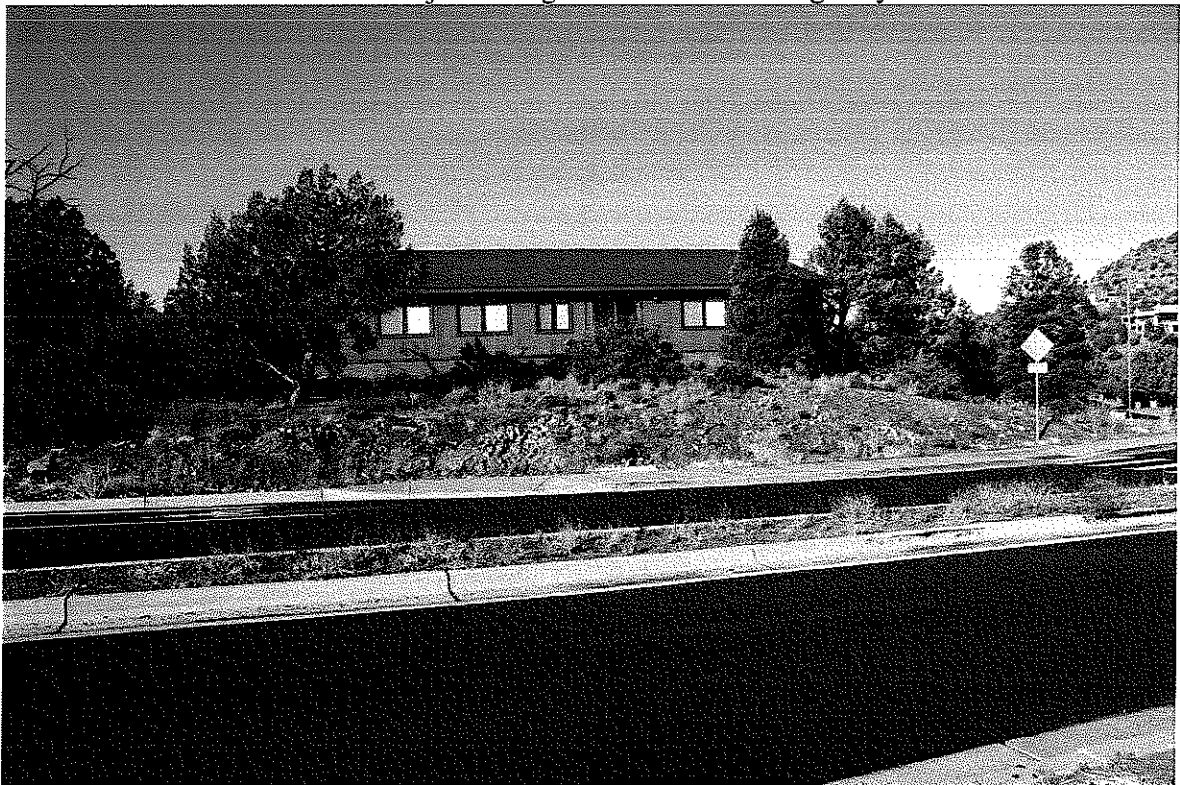
Photo showing the warped siding at the rear of the house.



Yonder Lane facing north toward Back O'Beyond Road. The subject is on the right.



View of the subject facing west from across Highway 179.





Highway 179 facing north. The subject is on the left.



---

### ***HIGHEST AND BEST USE***

According to *The Appraisal of Real Estate, 13<sup>th</sup> Edition*, published by the Appraisal Institute, highest and best use is defined as:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. (Page 297)

The highest and best use of the land as vacant must meet four criteria. The highest and best use must be:

- 1) ***Legally Permissible:*** What uses are permitted by zoning, private restrictions, historic districts, and environmental regulations on the site?
- 2) ***Physically Possible:*** Based on the physical characteristics of the site, what uses are physically possible?
- 3) ***Financially Feasible:*** Which uses meeting the first two criteria will produce a positive return to the owner of the site?
- 4) ***Maximally Productive:*** Among the feasible uses, which use will produce the highest price, or value, consistent with the rate of return warranted by the market? This use is the highest and best use.

The four tests above are applied to the appraised property in the following paragraphs.

### ***AS VACANT***

#### ***Legally Permissible:***

The appraised property is located in the RS-18b, Single Family Residential District for the City of Sedona. This zoning permits one single family dwelling with a minimum lot size of 18,000 square feet. The legally permissible use is single family residential.

#### ***Physically Possible:***

Although the subject has a Yonder Lane address, it is located at the southwest corner of Back O'Beyond Road and Highway 179. The property is located outside of the flood zone. Electric, telephone, water cable tv and natural gas utilities are available and it has a private septic system. The property has good view amenities of the red rock mountain tops to the east, above the rooftops of surrounding homes. The east boundary abuts Highway 179 which is one of Sedona's major transportation routes that provides linkage to Interstate 17 to the east. The subject is impacted by highway traffic noise.

---

According to data from the Arizona Department of Transportation, the 2009 average daily traffic count is 12,000 vehicles at this location.

The immediate area is comprised of low density single family residential neighborhoods. Residences in the area range from average quality site-built homes to excellent quality estates.

Based on the zoning, location, physical characteristics and surrounding improved uses, the physically possible use as vacant is single family residential use that conforms to the zoning and surrounding properties.

***Financially Feasible and Maximally Productive:***

As discussed in the "Neighborhood Analysis" section, the median selling price for a resale home in the Sedona/Village of Oak Creek market has dropped to \$375,000 or a decline 36.4% from the peak of the market in 2006. However, the rate of price decline has slowed significantly with only a 5.5% decline from 2009 to 2010. The annual sales volume dropped from a high of 555 sales in 2005 to a low of 208 sales in 2008. The sales volume then increased to 309 sales in 2009 and again to 367 sales in 2010. This indicates that buyers are moving back into the market due to the decline in prices. Mr. Brian Dante, broker with ReMax Sedona Realty, said that home prices have rolled back to 2003 levels.

The increase in sales activity and the slowed rate of price decline indicates that the Sedona/Village of Oak Creek market is reaching the bottom. Thus, the financially feasible and maximally productive use as vacant is for single family residential.

***Highest and Best Use:***

Given the zoning, location, physical characteristics and the indication that market conditions may be bottoming out, the highest and best use as vacant is single family residential use. As vacant, construction of a new home should include insulation for sound attenuation and landscaping that provides a buffer from the highway.

***AS IMPROVED***

***Legally Permissible:***

The existing single family residence is a permitted use in the RS-18b zoning district.

***Physically Possible:***

The residence was built in 2002 and its floor plan layout is functional. It is our understanding that the residence has been vacant since 2006 and the condition of the

---

interior is average. The condition of the exterior is rated as fair due to deferred maintenance. While the layout is functional the interior build-out has some curable functional obsolescence which includes: mini prep island in the kitchen; master bath vanity has only one sink; toilet in the master bath is set 6' deep in a narrow alcove; sink in the second bathroom is too close to the door; and laundry area is exposed to the living room. The deferred maintenance includes some warped siding at the rear of the house, exterior needs paint, broken tiles and crack in the hallway need repair and the kitchen counters should be replaced since the backsplash has separated from the wall.

During the time of our inspection, the highway noise was audible inside the residence but it was not so loud as to be considered a nuisance. The dual pane windows help to reduce noise inside the house. However, traffic volume does increase during the peak tourist season. The rear patio is a short distance from the highway and is directly impacted by the traffic noise.

As improved, the physically possible use is continued single family residence use with correction of the curable functional obsolescence and the deferred maintenance. Further, some of the traffic noise could be mitigated by planting some additional trees or shrubs near the east boundary.

***Financially Feasible and Maximally Productive:***

The financially feasible and maximally productive use for the subject is as a single family residence. No other use would be legally permissible or physically possible.

***Highest and Best Use:***

The highest and best use as improved is continued single family residential use with correction of the functional obsolescence, deferred maintenance and mitigation of the impact of the adjoining highway.

---

### ***SALES COMPARISON APPROACH***

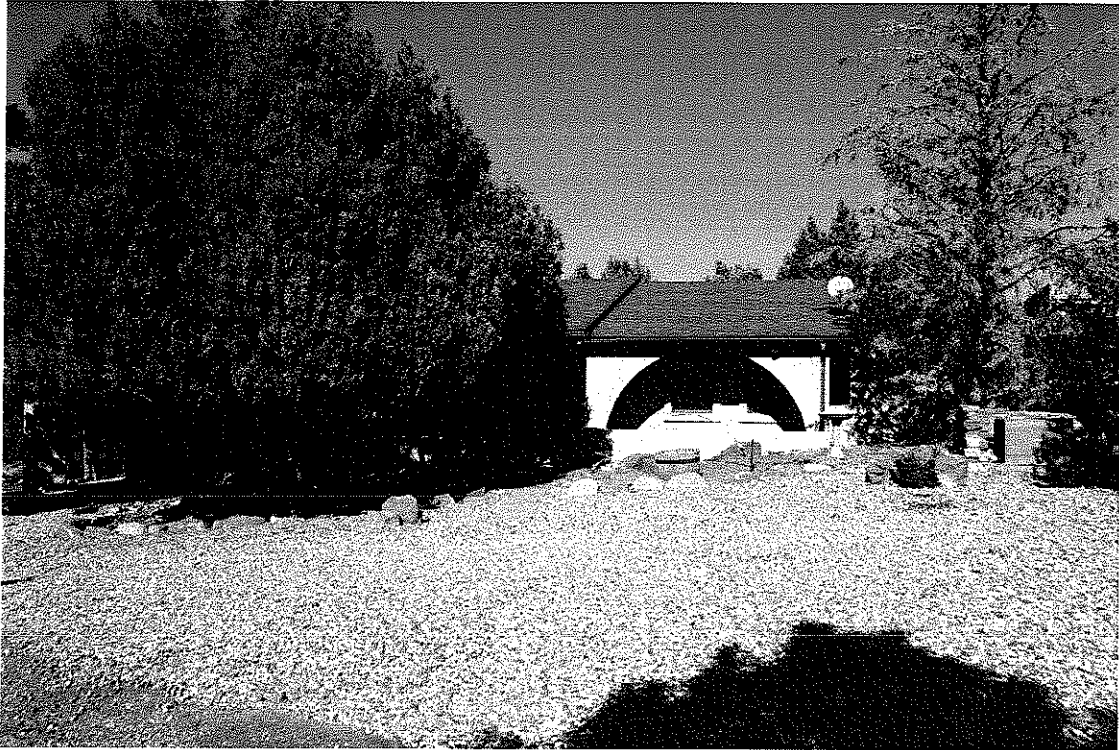
In the Sales Comparison Approach to value, sales of similar improved properties are analyzed and adjusted to the subject property. This approach applies the principle of substitution, which affirms that, when a property can be replaced, its value tends to be set by the cost of acquiring of an equally desirable substitute property without undue or costly delay.

Adjustments to the comparable sales are made for each of the following elements of comparison: real property rights conveyed, financing terms, conditions of sale, market conditions, location and physical characteristics. The most appropriate unit of comparison for this type of property is the sale price per square foot. This unit of comparison is calculated by dividing the sale price by the building square footage.

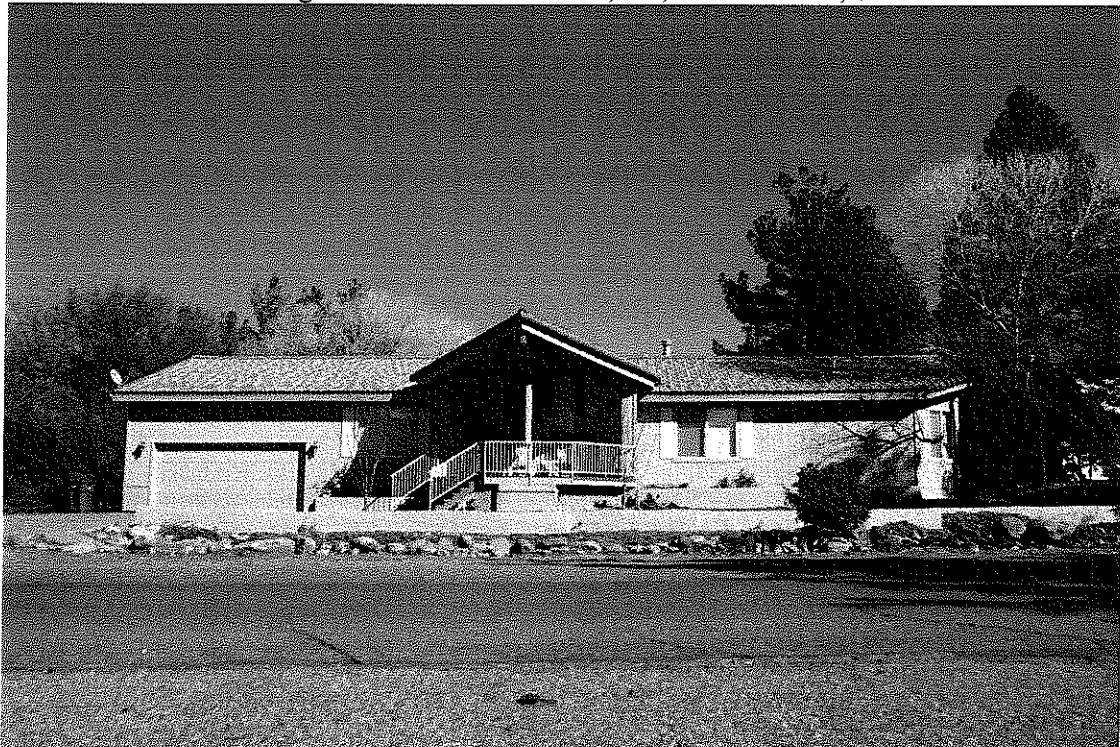
Here follows photographs of the comparable sales, a map showing the location of each sale relative to the subject property, and the sale data and adjustment matrix. The discussion of the comparable sales and adjustments follow the matrix.

---

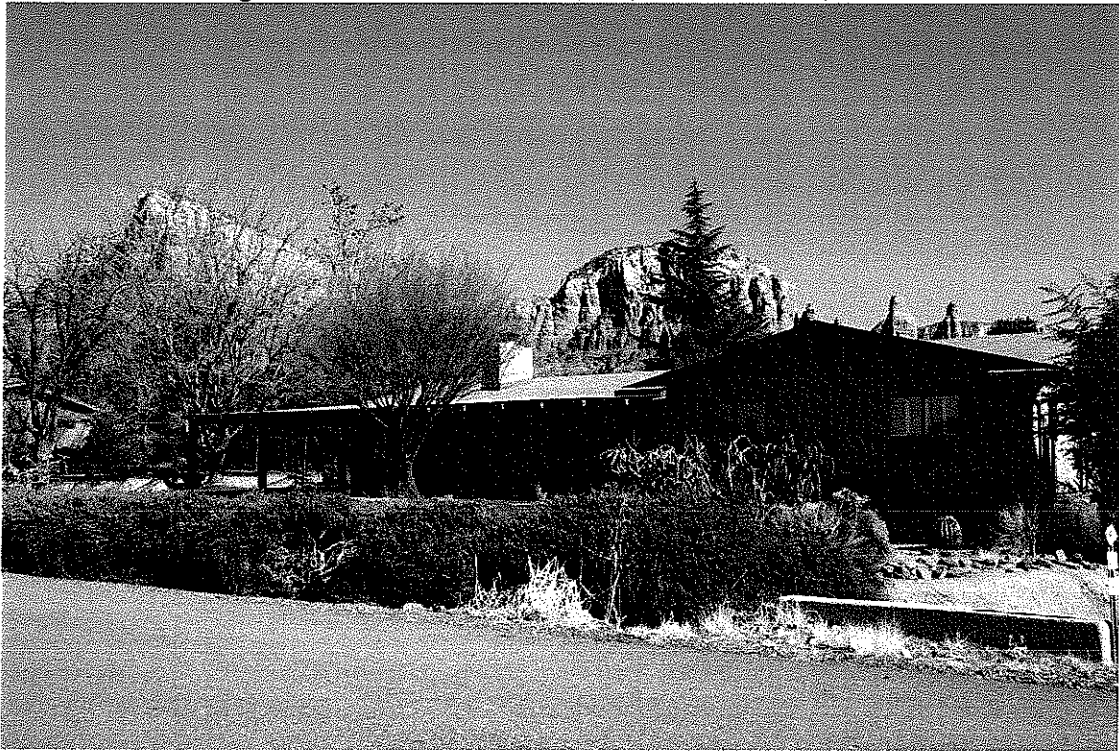
COMPARABLE SALE ONE  
6 Bell Rock Drive – Sale Price \$242,000, COE 4/15/10, \$110.96/S.F.



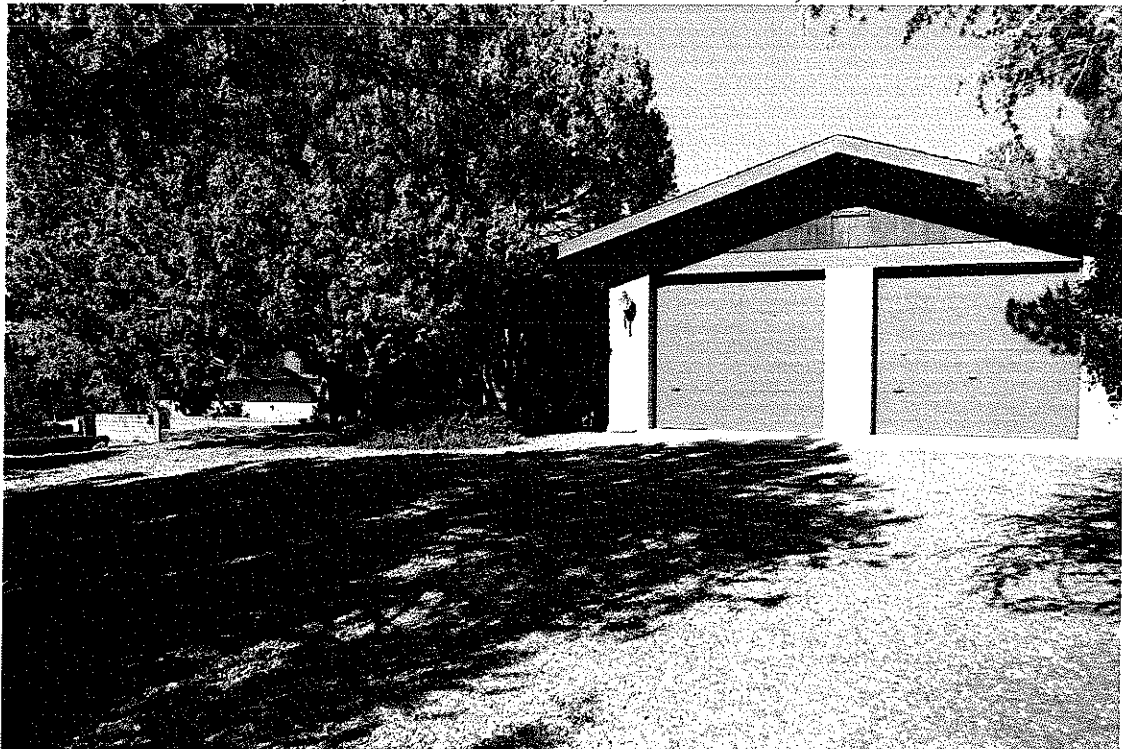
COMPARABLE SALE TWO  
146 Doodlebug Road – Sale Price \$260,500, COE 6/18/10, \$129.68/S.F.



COMPARABLE SALE THREE  
186 Cougar Drive – Sale Price \$270,000, COE 11/24/10, \$129.68/S.F.

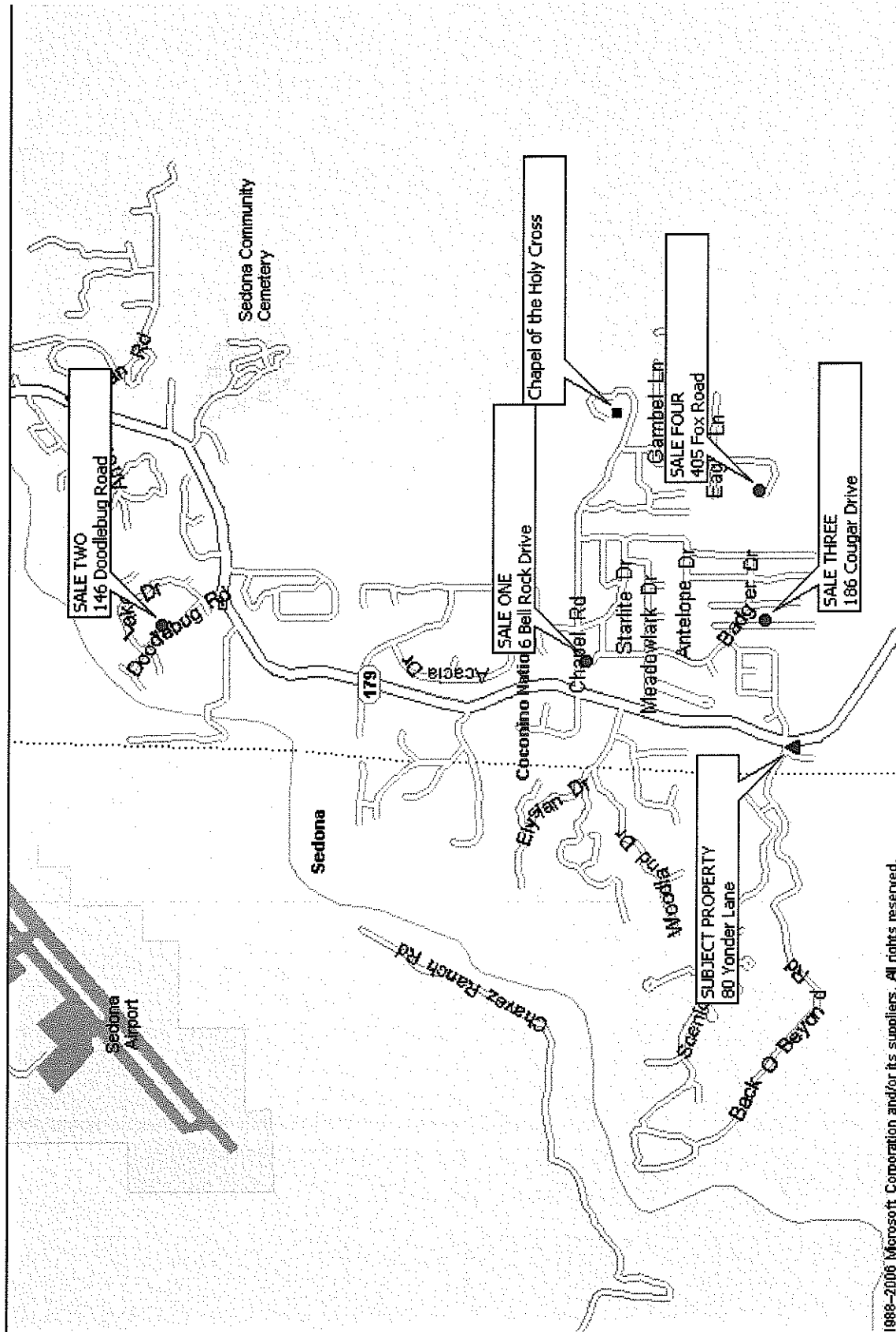


COMPARABLE SALE FOUR  
405 Fox Road, Sale Price \$251,000, COE 12/17/10, \$125.88/S.F.





## COMPARABLE SALES MAP



1988-2006 Microsoft Corporation and/or its suppliers. All rights reserved.



SALES COMPARISON ANALYSIS											
ITEM	SUBJECT	COMPARABLE NO.1		COMPARABLE NO.2		COMPARABLE NO.3		COMPARABLE NO.4			
80 Yonder Lane	6 Bell Rock Drive	146 Doodlebug Road		186 Cougar Drive		405 Fox Road					
	1/2 mile NE	1.25 mile north		0.2 mile east		0.75 mile east					
Sales Price	\$ N/A	\$ 242,000		\$ 260,500		\$ 129,68		\$ 125.88		\$ 251,000	
Priced/Gross Liv. Area	\$	\$ 110.96		\$ 121.33		\$ 129.68		\$ 125.88		\$ 251,000	
Data and/or Verification Sources	Inspection 1/19/11	B. Parkay agt 928-340-6009		R. Kohan, agt 928-301-1446		M. Nohowec agt. 928-284-0123 Doc. 3564950		E. Del Cerro agt 928 567-8787 Doc. 3582769			
VALUE ADJUSTMENTS		RCDR Doc 3558884		RCDRS Doc. 3564950		928-284-0123 Doc. 3582769		567-8787 Doc. 3582769			
Sales or Financing Concession		DESCRIPTION		DESCRIPTION		DESCRIPTION		DESCRIPTION		+(-) Adjustment	
Date of Sale/Time		+(-) Adjustment		+(-) Adjustment		+(-) Adjustment		+(-) Adjustment		+(-) Adjustment	
Location		Dn pmt conv fin		Bank REO		FHA fin.		Dn pmt conv fin			
Leasehold/Time		04/15/10		06/18/10		11/24/10		12/17/10			
Site		Highway 179		Superior		Superior		Superior			
View		N/A		N/A		N/A		N/A			
Design and Appeal		19,602 S.F.		15,856 S.F.		13,020 S.F.		13,278 S.F.			
Quality of Construction		Red rock tops		Red rock tops		Sup. red rocks		Red rock tops			
Age		Ranch/Fair		Ranch/Avg.		Ranch/Avg		Ranch/Avg			
Condition		Average		Average		Average		Average			
Above Grade Room Count		9 Years		20 Years		33 Years		35 Years			
Gross Living Area		Avg. - Fair		Average		Average		Avg. - Fair			
Basement & Finished Rooms Below Grade		Total		Total		Total		Total			
Functional Utility		Baths		Baths		Baths		Baths			
Heating/Cooling		7		7		7		7			
Energy Efficient Items		3		3		3		3			
Garage/Carport		2		2.5		2		2.3			
Porch, Patio, Deck, Fireplace(s), ect		2,164		2,147		2,024		1,966			
Fence, Pool, etc.		Sq Ft		Sq Ft		Sq Ft		Sq Ft			
Amenities		2,166		None		None		None			
Net Adj. (total)		None		Good		Good		Good			
Adjusted Sales Price of Comparables		FAG/Central		FAG/Central		FAG/Central		FAG/Central			
		Adequate		Adequate		Adequate		Adequate			
		Att 2 Car		Att 2 Car		Att 2 Car		Att 2 Car			
		Porch, FP, cvd		Porch, patio, 2		Porch, FP		Porch, FP, cvd			
		patio, gd Indsp		FP, workshop		(7,000)		patio, AZ rm			
		None		None							
		None		None		Chain link					
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							
		None		None							

---

## ***SALES COMPARISON ANALYSIS***

Four closed sales are included in the analysis to support a value opinion for the subject property through the Sales Comparison Approach. Research for data included sales of single family residences that occurred in the 12 months prior to the effective date of value and that are similar in location and physical characteristics. Overall, the sales were the best available and they provide a good basis of comparison for the subject. Adjustments are considered for differences in property rights conveyed, financing terms, conditions of sale, market conditions, location, and physical characteristics.

### ***Property Rights Conveyed:***

The sale transactions involved the transfer of the fee simple interest. Adjustments are unnecessary.

### ***Financing Terms:***

In accordance with the definition of market value, adjustments for financing terms assume all cash or cash to the seller with the buyer obtaining new conventional financing at prevailing interest rates. All of the sales included down payments with the buyers obtaining conventional financing for the balances. Thus, these transactions are equivalent to cash to the sellers. Adjustments are unnecessary.

### ***Conditions of Sale:***

Sales One, Three and Four were typical market transactions for properties that were listed for sale through the local multiple listing service. No adjustments are made to these sales.

Sale Two was a US Bank real estate owned (REO) property that had been on the market for 199 days. The original asking price was \$334,900 which had been reduced to \$279,900 just prior to the sale. According to the "December 2010 Market Report" prepared by Sotheby's International Realty, 31% of the home sales in this market were bank-owned foreclosure properties. Since foreclosure sales are a significant part of the market, prices for the entire market are affected. Therefore, no adjustment is made for the REO sale.

### ***Market Conditions (Date of Sale):***

An adjustment for market conditions is necessary when a net change in property value has occurred from the date of the oldest sale to the effective date of valuation of the subject property. None of the comparable sales provided sale and re-sale information to support changes in value. As discussed in the "Neighborhood Analysis" section, the

median selling price for single family homes in this market decreased 36.4% from the peak of the market in 2006. The rate of price decline slowed significantly between 2009 and 2010, with only a 5.5% decrease over this time period or 0.46% per month. Therefore, market condition adjustments are made to the comparable sales based on 0.46% per month from their respective closing dates to the effective date of value. Sale One closed on April 15, 2010, and a downward adjustment of \$10,000 (rounded) is made for the 9-month period between its closing date and the date of value [ $0.0046 \times 9 \text{ mos.} \times \$242,000 = \$10,019$ ]. Similar calculations are applied to the remaining sales.

***Location:***

Although the subject property has a Yonder Lane address, it abuts the traffic circle at the southwest corner of Back O'Beyond Road and Highway 179. The subject is impacted by noise and dust from the highway traffic. At the time of our inspection the noise level inside the home was audible and the noise level in the rear yard is prominent. The rear of the house is clearly visible from the highway except for where there are a few trees that partially obstruct the view. No recent sales were discovered for homes that are next to the highway.

All of the comparable sales are located in the subject's immediate competitive market area. Therefore, adjustments are unnecessary for general location/neighborhood. However, downward adjustments are necessary for all of the comparable sales since none of them abut the highway. An indication of the difference in value for properties that abut the highway is provided by two current listings for vacant residential lots that are near the subject. These listings are summarized below:

Current Active Lot Listings				
ID	Location	Asking Price	Site S.F.	Price/S.F.
Parcel 2	Skyline Drive, W. of Hwy 179	\$299,000	54,200	\$5.52
Parcel 3	SWc Hwy 179 & Skyline Dr.	\$239,000	18,067	\$13.23

Source: David Harmon, Site Selections R. E. Services

These lots are adjacent to each other and are located about one-quarter mile north of the subject. Parcel 2 above is located one parcel west of the highway and has a higher elevation than Parcel 3. The asking price of \$299,000 for Parcel 2 reflects its location and larger lot size. Parcel 3, with an asking price of \$239,000, is located at the southwest

corner of Skyline Drive and Highway 179. An indication for a location adjustment is derived after making a downward adjustment to Parcel 2 for its larger lot size, as follows:

<b>Location Adjustment</b>	
Parcel 2 Asking Price	\$299,000
Size adjustment -10%	<u>(\$29,900)</u>
Adjusted Price	\$269,100
Parcel 3 Asking Price	<u>(\$239,000)</u>
Indicated Location Adjustment:	\$30,100

Based on the foregoing analysis, the location adjustment for a property adjacent to the highway is \$30,000.

Although Sale One has a Bell Rock Drive address, is adjacent to Chapel Road which becomes very active during the tourist season. The Chapel of the Holy Cross, one of Sedona's landmark attractions, is at the east end of Chapel Road. Built in 1956, this Roman Catholic Church has a unique design that was inspired by Frank Lloyd Wright and is built into an elevated red rock mesa that overlooks the valley. The chapel attracts thousands of visitors and worshipers every year from all over the world. As such, Sale One is impacted by traffic noise and congestion since its garage is accessed from Chapel Road. The traffic impact is less than the subject's location on the highway. Thus, a downward adjustment of \$15,000, or half of the amount estimated above, is made to Sale One.

Sales Two, Three and Four are all located away from the highway and downward \$30,000 adjustments are made to these sales.

***Site Size:***

The subject has a 19,602 square foot site. Differences in site size are based on the estimated land value. Sale One has a much smaller site of 8,029 square feet and a downward \$58,000 adjustment is made. Sale Two is smaller with 15,856 square feet and a downward \$18,700 adjustment is made. Sale Three has a 13,020 square foot site and a downward \$32,900 adjustment is made. Sale Four has a 13,278 square foot site and a similar adjustment is made.

***View Amenity:***

The subject and Sales One, Two and Four have similar views of the tops of the surrounding red rock mountains. No adjustments are made. Sale Three has superior panoramic views of the red rocks and a downward adjustment is made.

---

***Design and Appeal:***

As discussed in the "Improvements Analysis" section, the subject's floor plan is functional. However, the bathroom vanities and cabinetry suffer some curable functional obsolescence. Downward adjustments are made to the comparable sales for design and appeal based on an estimated cost of \$5,000 to replace the bathroom vanities and to remodel the kitchen.

***Quality of Construction:***

The subject is an average quality Class D structure. Sales Two, Three and Four are similar and no adjustments are made. Sale One is a superior quality frame and stucco home with vaulted ceilings, sunken living room and Spanish tile roof. The downward adjustment is based on the depreciated cost difference between good and average quality from the Marshall & Swift Residential Cost Handbook.

***Age/Condition:***

The subject is 9 years old and its effective age is estimated to be 9 years based on its observed condition. The comparable sales are older, from 20 to 32 years. Downward adjustments are made to Sales One, Two and Three for superior condition based on the estimated cost of \$6,000 to cure the deferred maintenance. Sale Four needed exterior paint and the carpet had been removed from the living room, dining room and hallway. No adjustment is made to Sale Four.

***Living Area/Room Count:***

Adjustments for living area are based on 50% of the sale price per square foot for the comparable sales. Since the market generally does not recognize a price difference within a 50 square foot range, the first 50 feet are excluded from the calculations. An additional adjustment of \$2,500 for a half-bath is made to Sale Two.

***Porch, Patio, Deck, Fireplace, etc.:***

Adjustments are made for whether the comparable sales have covered patios, fireplaces and additional rooms.

***Conclusion:***

The unadjusted sale prices from the comparable sales are from \$242,000 to \$270,000. After making adjustments for the appropriate elements of comparison, the indicated value for the subject is in the range of \$220,400 to \$248,700 and the average adjusted price is \$238,900. Sale One, adjusted to \$238,000, is given weight since it has more traffic influence than the other sales. However, the value of the subject is expected to

below the adjusted value of Sale One since it has more impact from traffic exposure. Based on the foregoing analysis, it is our opinion that the "as is" market value of the subject property, as of January 19, 2011, is as follows:

**"AS IS" MARKET VALUE OPINION ..... \$235,000**


***EXPOSURE TIME***

Marketing times for the comparable sales are shown in the following table:

<b>Sale No.</b>	<b>Days on Mkt.</b>
1	153
2	199
3	57
4	52
<b>Avg.</b>	<b>115.25</b>

Based on the above data, the estimated exposure time is 4 months if the property is priced in accordance with the appraised value.

---

PROJECT: H34102R  
HIGHWAY: RIMROCK – SEDONA  
SECTION: VILLAGE OF OAK CREEK – JCT 89A  
PARCEL: #3-1440  
CONTRACT: 

I hereby certify:

That I personally inspected the property herein appraised, and that I have afforded the property owner the opportunity to accompany me at the time of inspection. I also made a personal field inspection of each comparable sale relied upon in making said appraisal. The subject and the comparable sales relied upon in making the appraisal were as represented by the photographs contained in the appraisal.

That I have given consideration to the value of the property the damages and benefits to the remainder, if any; and accept no liability for matters of title or survey. That, to the best of my knowledge and belief, the statements contained in said appraisal are true and the opinions, as expressed therein, are based upon correct information; subject to the limiting conditions therein set forth.

That no hidden or unapparent conditions of the property, subsoil, or structures were found or assumed to exist which would render the subject property more or less valuable; and I assume no responsibility for such conditions, or for engineering which might be required to discover such factors. That, unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present in the property, were not observed by myself or acknowledged by the owner. This appraiser, however, is not qualified to detect such substances, the presence of which may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.

That my analysis, opinion, and conclusions were developed and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

That this appraisal has further been made in conformity with the appropriate State and Federal laws, regulations, policies and procedures applicable to appraisal of right of way for such purposes; and that, to the best of my knowledge, no portion of the value assigned to such property consists of items which are non-compensable under the established laws of said State.

That I understand this appraisal may be used in connection with that acquisition of right of way for a highway to be constructed by the State of Arizona with the assistance of Federal aid highway funds or other Federal funds.

That neither my employment nor my compensation for making the appraisal and report are in any way contingent upon the values reported herein.

That I have no direct or indirect present or contemplated future personal interest in the property that is the subject of this report, or any benefit from the acquisition of the property appraised herein.

---

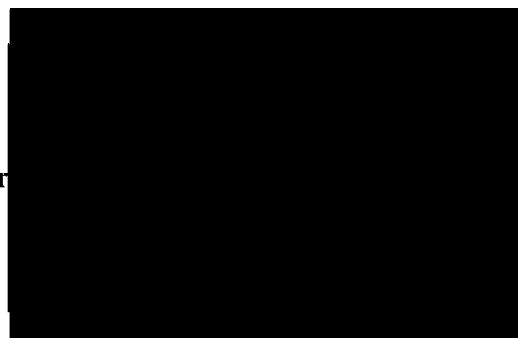
That I have not revealed the findings and result of such appraisal to anyone other than the property officials of the Arizona Department of Transportation or officials of the Federal Highway Administration, and I will not do so unless so authorized by property State officials, or until I am required to do so by due process of law, or until I am released from this obligation by having publicly testified as to such findings.

That my opinion of the MARKET VALUE of the subject as of the 19th day of January, 2011, based upon my independent appraisal and the exercise of my professional judgment is:

**“AS IS” MARKET VALUE OPINION ..... \$235,000**

Date: February 10, 2011

Signature

A large black rectangular box redacting the signature of the appraiser.A black rectangular box redacting the footer information.



---

### ***CERTIFICATION***

THE APPRAISER CERTIFIES TO THE BEST OF MY KNOWLEDGE AND BELIEF:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.

The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event. I have performed this appraisal without instructions or pressure from anyone who desires a specific value conclusion or value conclusions within a given range.

My analyses, opinions, and conclusions were developed, and this report has been prepared in accordance with the standards and reporting requirements of the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and any governmental authorities referenced within the appraisal report, including but not limited to the FDIC, OCC, FHLBB, and RTC.

I have made a personal inspection of the property that is the subject of this report.

No one provided significant professional assistance to the person(s) signing this report, except as stated in the report.

The "Opinion of Market Value" in the appraisal report is not based in whole or in part upon the race, color, or national origin of the prospective owners or occupants of the property appraised, or upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.

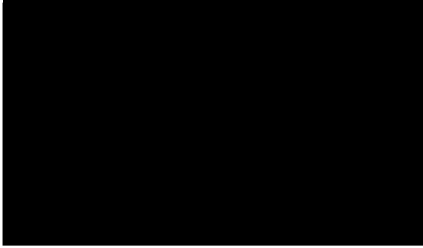
I certify that, to the best of my knowledge and belief, the reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute. The use of this report is subject to the requirements relating to review by its duly authorized representatives.

I hereby certify that I am competent to complete the appraisal assignment. The reader is referred to appraiser's Statement of Qualifications.

All conclusions and opinions concerning the real estate that are set forth in the appraisal report were prepared by the Appraiser whose signature appears on the appraisal report, unless indicated as "Review Appraiser".

---

No change of any item in the appraisal report shall be made by anyone other than the Appraiser, and the Appraiser shall have no responsibility for any such unauthorized change.



Date: February 10, 2011



---

### ***CERTIFICATION***

THE APPRAISER CERTIFIES TO THE BEST OF MY KNOWLEDGE AND BELIEF:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.

The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event. I have performed this appraisal without instructions or pressure from anyone who desires a specific value conclusion or value conclusions within a given range.

My analyses, opinions, and conclusions were developed, and this report has been prepared in accordance with the standards and reporting requirements of the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and any governmental authorities referenced within the appraisal report, including but not limited to the FDIC, OCC, FHLBB, and RTC.

I made a personal inspection of the property that is the subject of this report.

No one provided significant professional assistance to the person(s) signing this report, except as stated in the report.

The "Opinion of Market Value" in the appraisal report is not based in whole or in part upon the race, color, or national origin of the prospective owners or occupants of the property appraised, or upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.

I certify that, to the best of my knowledge and belief, the reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute. The use of this report is subject to the requirements relating to review by its duly authorized representatives.

I hereby certify that I am competent to complete the appraisal assignment. The reader is referred to appraisers Statement of Qualifications.

All conclusions and opinions concerning the real estate that are set forth in the appraisal report were prepared by the Appraiser whose signature appears on the appraisal report, unless indicated as "Review Appraiser".

---

***ADDENDA***

Chelsey@SWAA.biz



Janice K. Brewer  
Governor

John S. Halikowski  
Director

**Arizona Department of Transportation**  
**Intermodal Transportation Division**  
206 South Seventeenth Avenue Phoenix, Arizona 85007-3213

Floyd Roehrich, Jr.  
State Engineer

November 23, 2010

RE: PROJECT: H341402R  
HIGHWAY: RIM ROCK – SEDONA  
SECTION: Village of Oak Creek – Jct. 89A  
PARCEL: 3-1440  
CONTRACT: SCC05000319 #JW-10-013

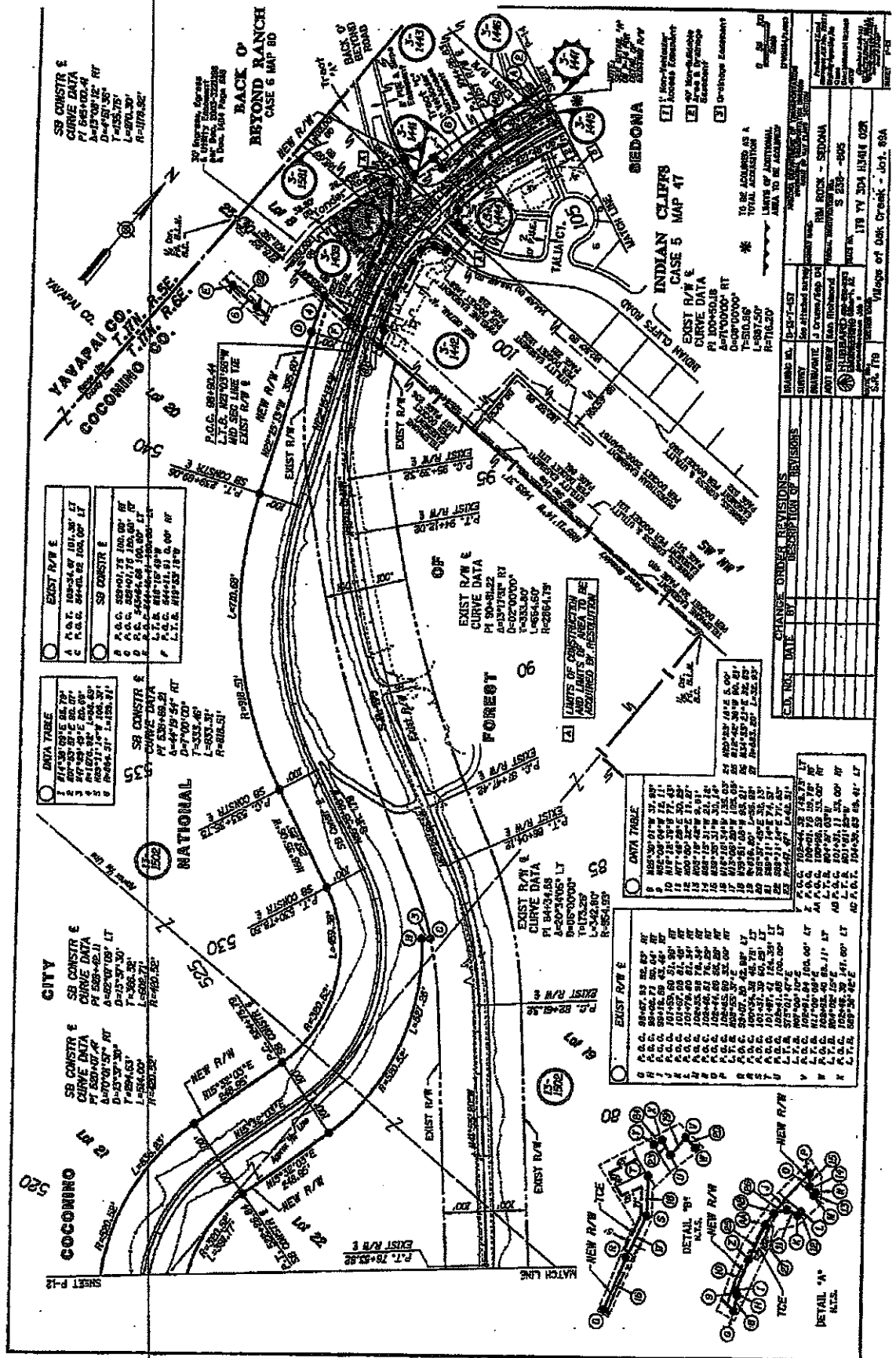
Dear [REDACTED]

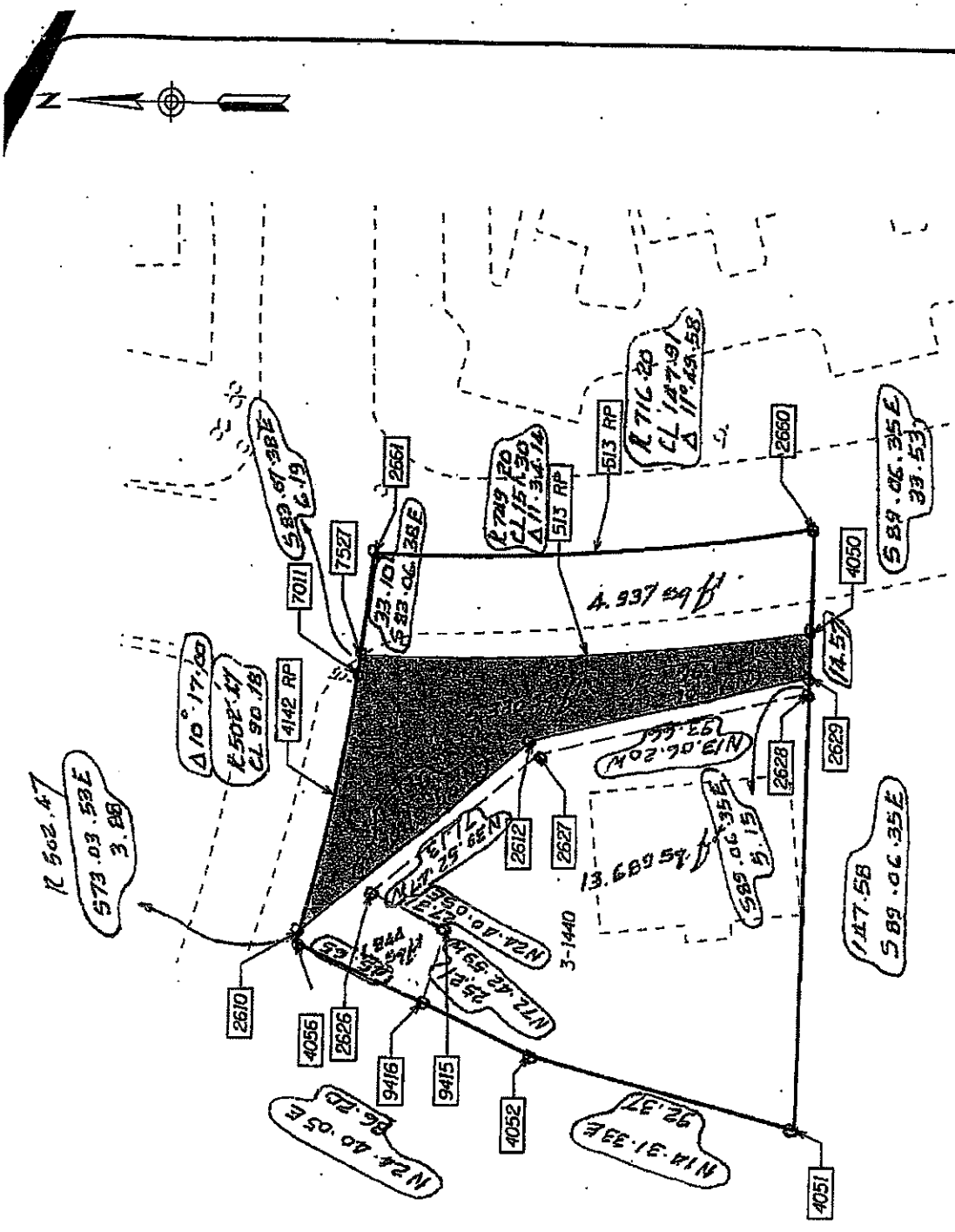
In accordance with the referenced contract with the Arizona Department of Transportation, you are hereby requested to provide your fee to prepare an **ORIGINAL** appraisal for the following parcel. Your appraisal will need to reflect the market value using the current date of valuation and be prepared in accordance with the Right of Way's Specifications and Standards included in our Request for Proposal for the referenced contract. **This appraisal must be delivered in 30 calendar days from the award date of this assignment.**

R/W Parcel Plans have been provided to assist with your quote determination. **If you should need clarification of the appraisal issue, please contact Jim Walcutt at 520-591-7923.** If verbal instructions are provided contrary to the information provided in this bid request, please contact me at 602-712-7547. All changes must be in writing to prevent any miscommunications.

Additional information regarding the parcel(s) is as follows:

Type of Acquisition:	Total Take
Type of Appraisal:	If partial, complete before and after with estimate of severance damages and/or special benefits, if any. (For specific reporting format, see R/W Standards and Specifications, Chapter 4).
Type of Property:	<b>Residential:</b> 3-1440
Improvements in Acquisition:	None known





Parcel Boundary

New Acquisition

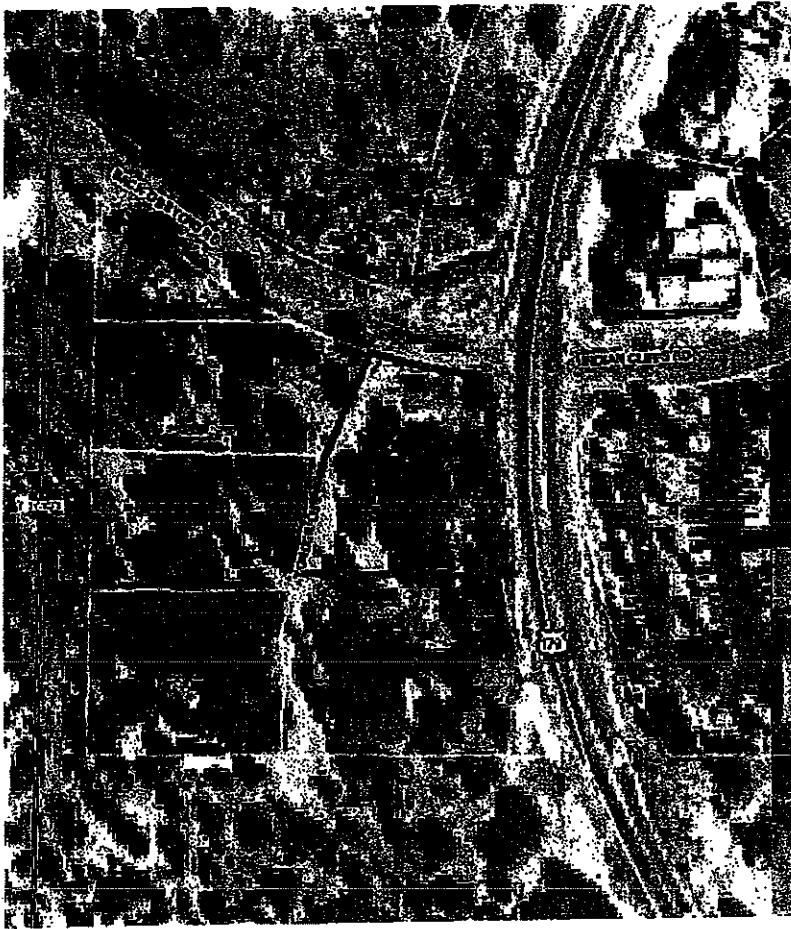
This Exhibit does not represent a Boundary Survey.

**HUBBARD ENGINEERING**  
 625 N. Gilbert Rd., Suite 106  
 Gilbert, AZ 85234 (480) 892-3313

8:35:28 AM  
 5/28/2010

# CALCULATION - POINT ID SHEET ONLY

P:\26016\ADO\Parcel\_PTID.dgn



80 Yonder Lane  
Village of Oak Creek, AZ

APN 401-34-018F

L-F-11



## **APPRAISAL INSTRUCTIONAL ATTACHMENT**

Appraiser should not value temporary construction easements and temporary construction leases unless otherwise directed. Appraiser must provide us with **FIVE (5)** copies of the appraisal **plus 1** copy electronically on a CD in PDF Format only. A copy of the "Certificate of Appraiser" form (previously sent) must be attached to each copy.

Please notify immediately the contact person listed on the first page of the bid request letter if the following situations arise:

If a sign site for an off-premise sign is located within the area to be acquired, the appraiser is required to estimate the contributing value of the sign site as part of the appraisal problem and notify the contact person of the need to order a separate appraisal for the sign structure.

**If any referenced parcel is valued at \$400,000 or more.**

Appraiser is to contact property owner and inquire if there are any sub-surface site improvements or excavations such as cesspools, filled-in swimming pools, bomb shelter, root cellars, septic systems, drywalls, etc. If there are, their size and location must be identified in the appraisal and on the plot plan. If none, please indicate a statement that the property owner has no knowledge of such improvements or excavations.

If the property involves relocation, appraiser must notify R/W Agent at least two working days in advance so agent can make arrangements to accompany appraiser on the on-site inspection.

\*\*\*\*\*  
Please notify R/W Contracts Unit of any changes in your key personnel who will be participating in ANY ADOT appraisal assignments awarded through the referenced contract and submit resume and copy of current "Board of Appraisal" Certificate for ADOT approval. Key personnel are defined as employees performing appraisal services. ADOT approval is not necessary for employees already listed as key personnel in your bid proposal submitted in response to the Request for Proposal.

The analysis and value conclusions of the appraisal must be those of the contracted appraiser and only that appraiser is to sign the appraisal report and the Certificate of the Appraiser. Additionally, it is the appraiser's responsibility to maintain all required insurance for the term of the contract.

THE CONSULTANT SHALL PREPARE AN ACCURATE quote. THE QUOTE SHALL include, but is not limited to, the consultant's inspection of the property indicated in the Scope of Work. If subcontract work or specialized services not ordinarily furnished by the Consultant are required to perform the appraisal assignment, such subcontract or specialized services must be described and separately itemized in the Consultant's quote. AFTER AWARD OF THE ASSIGNMENT, if additional subcontract or specialized services are determined to be required to continue the assignment, the Consultant shall obtain WRITTEN APPROVAL FROM Right of Way prior to hiring subcontractor. All subcontracts are subject to review by the Department and subcontractor's costs are subject to the same audit provisions as Consultant. Consultant IS responsible for reimbursing ALL subcontract services. For audit purposes, copies of ALL subcontract invoices SHALL be submitted with Consultant's invoice.

As stated in your contract, extensions of assignment due to dates may be granted "... if deemed in the best interest of the State ..." Typically, extensions will be considered if the appraisal assignment has been changed by ADOT due to changes in plans, titles, etc., that are beyond the control of the appraiser. Extensions are NOT typically granted for reasons arising from a lack of proper planning or time management, sickness, or personal problems on the part of the appraiser. All extensions of assignment due dates must be requested in writing, **no less than two working days prior to the original due date**, to R/W Contracts Unit and must be approved by ADOT prior to the due date to avoid late charges. For convenience, you may fax your extension request to R/W Operations Section, Contracts Unit, at (602) 712-3289.

**NOTE:** Fee appraisers are responsible for correcting any errors and/or furnishing any omitted required documentation as determined by the Department at no additional cost. Fee appraiser must make arrangements to have the appraisal(s) which needs correcting to be picked up within 24 hours and will have **5 business days** to correct appraisal(s). Failure to deliver corrected documentation within stated time frame shall result in the assessment of liquidated damages as reimbursement for the Department's administrative costs of the delay in the amount of \$100.00 per appraisal for each business day late.

(appr instructional attachment.doc 09/24/08)